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# **Social Housing Evidence Review**

**Rebecca Tunstall  
Nicholas Pleace**

**September 2018**

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Professor Rebecca Tunstall

Professor Nicholas Pleace

September 2018

# Disclaimer

This review was carried out within a short timeframe, using a rapid evidence review methodology. The work is based solely on desk research, secondary sources and existing analysis. The assessments expressed in this review do not necessarily reflect those of the Ministry of Housing, Communities and Local Government or the University of York. Responsibility for any errors and omissions lies with the authors.

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# Summary

## Introduction

In June 2017, a fire started in Grenfell Tower, a recently renovated tower block in the London borough of Kensington and Chelsea, owned by the council and mostly occupied by social renting tenants. Seventy-two people died.

- In September 2017, Sajid Javid, then Secretary of State for Communities and Local Government announced a Green Paper on social housing. The Green Paper was intended to be a wide-ranging review of the issues facing social housing.
- This independent report, produced by researchers at the University of York's Centre for Housing Policy, is designed to support the process of developing the Green Paper. It is not intended to respond directly to the issues raised by the Grenfell Tower fire itself.
- This report summarises existing research on social housing in England, and highlights gaps in information. It focusses on the existing social housing stock, and emphasises the resident experience of social housing. It does not examine housing finance, new building or the wider housing market in any depth. The researchers used a rapid review method, using suitable internet search terms and known websites, focussing on academic and policy-oriented research covering England and published since 2000, where available.
- There appear to be important gaps in data. There is no single publicly accessible source for data on social housing organisations' stocks, structures and performance. We found relatively little recent evidence to enable us to generalise about social housing ownership, management organisation and performance, and the conditions experienced by tenants overall. Proactive monitoring and nationwide reporting of social landlords' management performance and resident involvement ceased in 2011. In addition, in the 2010s there appears to have been less academic research on social housing than in previous decades.

## Summary of findings

### Social housing is treasured by millions

- In announcing the social housing Green Paper in September 2017, Sajid Javid said, *"We need to return to the time, not so very long ago, when social housing was valued... treasured."*
- Social housing is already treasured, or at least highly valued, by millions of people in England who are current tenants or who want to be tenants. In 2015-16, 82% of social housing tenants were very or fairly satisfied with their homes, and 83% were very or fairly satisfied with being social tenants, making up 3.4m satisfied households. In 2017, 1.2m more households wanted social rented homes, and were on local authority waiting lists for social housing.

- Housing policy history suggests that there has never been a time when social housing has been treasured universally or valued unconditionally. Social housing is an important, costly part of public policy, which can have a dramatic personal and local impact. There have always been parts of the social housing stock and aspects of social housing policy which have been controversial or which have attracted criticism.

### **Most social housing is unremarkable**

- The median social rented home in England is a house at least fifty years old. It meets the Decent Homes standard, and is in the highest energy efficiency categories of A-D. The landlord has made some improvements in recent years. The home is located in a suburban area, which is more deprived than average, but not very deprived. Its residents have not experienced any serious crime in the past year.
- The median social housing residents are satisfied with their home, with the repairs service provided by their landlord, and with their neighbourhood. They are satisfied with their tenure, and do not expect to buy. They have a tenancy with long-term security, and been living in their home for eleven years.
- The median social renting household has one or two residents. The typical householder is a White woman in middle age. She works or last worked in a routine or semi-routine occupation, and has an income in the bottom 40% compared to households nationwide. The household is claiming housing benefit (or the housing element of Universal Credit).
- It is important to note that six per cent of all households in England live in homes that were built by social landlords, but which have now transferred to private ownership through the Right to Buy, and are now lived in by owner occupiers or private tenants.

### **Social housing has many strengths**

This review has found that social housing has many strengths, both in absolute terms and relative to other tenures. These strengths are:

- High quality of homes according to the Decent Homes standard and Housing Health and Safety Rating System and energy efficiency measures
- Long-term security for tenants who abide by their tenancy agreement (although landlords are introducing flexible fixed term tenancies for some new tenants).
- Relatively attractive city locations (two-thirds of social rented homes are located in suburbs)
- Relatively attractive built form (more than half of social rented homes are houses rather than flats)
- Low rents and costs relative to other tenures

- The fact that housing benefit (or Universal Credit) can be used to help pay the rent (for people on low incomes, as for low income tenants in private renting)
- The Right to Buy, which provides moderate-income tenants with a route to home ownership
- Higher rates of satisfaction with homes and tenure than for private tenants.

These strengths need to be considered in light of the fact that very few households with incomes in the bottom 40% are currently entering home ownership. This means they must rent, at least for the present.

Most economists see an on-going role for social housing. Social housing plays a role in the welfare state alongside protection for homeless households and housing benefit (or Universal Credit), in breaking the link between low income and bad housing conditions or homelessness. It provides support to the work of the NHS and social care. Social housing has played an important role in the development of new housing in the past, continues to do so today, and could do so in future.

As private renting has grown, it has taken on some of the role social renting has played in housing families and people on low incomes. However, social housing continues to play a much greater role in housing people of Black ethnicity, households with a disabled member, and one-person households. In addition, many of the strengths of social housing are not shared by private renting.

### **Social housing has weaknesses**

This review has also found that social housing has many weaknesses in absolute terms, and relative to other tenures. These weaknesses are that residents:

- May have to wait for a home, and may not get much choice of home or area (although this will depend on individual circumstances and area, and is due to the demand for the tenure).
- They may not get much or any spare space (especially if they are claiming housing benefit or the housing element of Universal Credit).
- They are more likely to be in a flat than residents in other tenures, which in general, is a less preferred home type.
- They are more likely to have damp than residents in other tenures (although overall, social rented homes are most likely to meet the Decent Homes standards).
- On average they pay a relatively large proportion of their incomes on housing, despite low rents (although they would usually pay more in other tenures), because of their low incomes. Large proportions of social renters



are in poverty (although this would be worse in private renting due to typically higher housing costs).

- They are the least likely of the tenures to be satisfied with their neighbourhood.
- They are less likely than private tenants to be satisfied with their landlords' repairs services.
- They may be concerned about potential anti-social behaviour in the wider neighbourhood or by immediate neighbours.
- They can be affected by the poor reputation of social housing in general, and possibly of their own estate.
- Small percentages of social renters experience serious problems. Thirteen per cent of social renters were very dissatisfied with their homes. Fourteen per cent of social rented homes did not meet the Decent Homes standard. Six per cent of social rented homes had Category I (serious) health and safety hazards. Five per cent had damp. Four per cent of social renters were very dissatisfied with their neighbourhood. Six per cent of social renters were very dissatisfied with their tenure.
- It is likely that further analysis of large-scale survey data and landlord-level data on management services would reveal some problems for particular groups or areas.

### **Potential steps forward**

- One step which could be taken to make social housing more widely treasured is to bring public and policymakers' perceptions and media representations more in line with the generally positive reality.
- A second would be to sustain current strengths, including recent improvements in housing and neighbourhood quality.
- A third would be to monitor changes to housing benefit (and the housing cost element of Universal Credit) and to security of tenure.
- A fourth would be to address current problems, and areas of uncertainty.
- A fifth step would be to ensure systems can identify, prevent and mitigate any further problems over time. These include nationwide issues such as preparing for investment needs and risk management across the tenure, and local ones, such as the safe management of block cladding projects.

There are a number of issues which may deserve being raised in a Call for Evidence or further research. These are listed in detail in the main text.

## **Social housing in England in 2018**

### **The definition of social housing**

- Social housing is rented housing, provided at rents below market levels, by local authorities or housing associations, to people who can demonstrate they are in housing need.

- Social housing organisations receive subsidy from government (although it should be noted that private rented and owner occupied housing receives support too). They are subject to greater regulation of design standards, rent levels and financial stability than private landlords.
- Social housing is the main form of ‘affordable’ housing, and there are other types of rented housing and homes for sale at costs below market levels for people who meet the eligibility criteria.

### **The scale of social housing**

- In 2016-17, 4 million households in England were in social renting, making up 17% of all households.
- After four decades of the Right to Buy, 6% of all households in England lived in homes that were originally built and owned by social landlords, but are now in the private sector.
- The amount and nature of social housing varies between regions, housing markets and local authority areas, neighbourhoods and estates and homes. London has 21% of all the social housing in England. Resident characteristics and experiences also vary widely.

### **Social landlords**

- Local authorities were the main builders of England’s social housing stock, and were the main owners and managers up until 2011, when housing associations superseded them through the cumulative impact of stock transfers. In 2016-17, local authorities housed 1.6m households, 7% of the total. Most managed their homes themselves, but a minority used Arm’s Length Management Organisations (ALMOs). In 2016/17, 163 local authorities had a thousand homes or more.
- In 2016-17, housing associations housed 2.4m households, 10% of the total in England. In there were 1,415 registered housing associations and 284 had a thousand homes or more.

### **The growth of social housing in England**

- Homes for rent at sub-market rents to selected people on low incomes were first built by charities and philanthropists to provide an alternative to the private rented slums of Victorian England. Major building programmes took place in the 1920s and 1930s, and again in the 1950s and 1960s. In the 1970s, social housing overtook private renting, which had been the main tenure.
- Social housing reached its peak in 1979, when it provided homes for 5.5m households or 31% of all households in England.

## **The restructuring and improvement of social housing**

- Since its peak in 1980, social housing has been shrinking as a tenure, and in 2011, it was overtaken by private renting.
- Policy aimed to reduce the size of the tenure as a whole and the scale of individual council landlords. It acted to restructure ownership, management, finance and new development towards housing associations and the private sector, through the Right to Buy and various forms of stock transfer to new landlords.
- Alongside restructuring, there were improvements in social housing overall and in the management, physical and social conditions of less popular estates.
- The Right to Buy was introduced in 1980, which was to lead to 1.9m social renting households buying their homes.

## **Current social housing policy**

- Since 2010, implementation of the policies which restructured social housing in previous decades, the Right to Buy, transfers and ALMOs has slowed down. However, there have been significant new policies.
- There have been substantial reductions in government funding for housing due to the austerity programme.
- A new tenure called 'Affordable Rent' housing was introduced to stretch government development funding, and came to dominate new building by social landlords.
- The Right to Buy was reinvigorated, with higher discounts.
- Social landlords have been given the option to introduce shorter-term 'flexible' tenancies in place of secure tenancies.
- A new rent regime requires social rents to fall in real terms, which may help social renting tenants but creates business-planning challenges for social landlords.
- Welfare reform has affected the financial support available to social housing tenants on low incomes.

## **Resident and public attitudes to social housing**

### **Resident satisfaction with social housing**

- In 2015-16, 83% of social tenants were very or fairly satisfied with their tenure, and 81% were very or fairly satisfied with their home. Levels of satisfaction were similar to those for other public services.
- The proportion of social renters satisfied with their homes and tenure was lower than for owners but higher than for private renters. However, social tenants were the least likely of the three tenure groups to be satisfied with

their neighbourhood. They were less likely than private tenants to be satisfied with their landlords' repairs service.

### **Public beliefs about and attitudes to social housing**

- A large majority of the population would prefer to be homeowners than to be renters. However, a large minority do not expect to become homeowners at least in the medium term, and a large majority see some benefits in social renting.
- There is some support for the expansion of social housing for others, and some support for a government role in housing provision. On the other hand, some people who are not tenants have worries about social housing estates and tenants, which can be popularly associated with social problems, and there is some support for the reform of housing benefit.

## **The demand for social housing**

### **Demand for social housing**

- In the 1980s and 1990s, some social housing estates experienced low demand.
- However, in the 2010s, very few social rented homes were 'difficult to let' and overall, social housing was oversubscribed. In 2015-16, 4% of social rented homes were empty, compared to 10% of private rented homes. There were long waiting lists for homes.
- Recent governments have all believed that the supply of affordable (if not necessarily social rented) housing should be increased.

### **How people get into social housing**

- The majority of new tenants arrive in social housing after time on waiting lists or as transfers from other social housing tenancies. In 2015-16, 17% of social housing tenants who had moved into their homes in the past three years had been accepted as homeless by a local authority.
- There were 1.2m households on the waiting lists for social housing kept by local authorities, and 33% of local authority tenants who had been successful had waited more than a year for their home.

## **Social housing residents in 2016-17**

### **Age**

- The age mix of social renting householders was very similar to the national average.

### **Household types**

- The proportion of households with dependent children, at 30% in social housing, was very similar to that for the nation as a whole, at 28%. However, in social housing, the proportion of households that were families with dependent children headed by a lone parent (14%) nearly equalled the proportion headed by a couple (16%), in contrast to the national figures (22% and 6% respectively).
- One-person households make up 42% of all social housing households, markedly higher than for England as a whole at 28%.

### **Gender**

- The gender pattern in social housing was distinctive. Fifty-six per cent of all social housing householders were female, compared to 40% for all households.

### **Ethnicity**

- White people made up 83% of all residents of social renting, compared to 89% in the total population. The largest minority group in social housing was people of Black ethnicity, at 9% of the total for the tenure.

### **Disability**

- Seventeen per cent of social renting householders or partners were registered disabled, and 49% of all residents in social housing had a limiting illness or disability, compared to 8% and 31% for people in all tenures.

### **Income, employment and class**

- English social housing is tightly targeted on people with low incomes. Forty-five per cent of social renting households were in the lowest fifth by income, and only 3% were in the top fifth. Forty-four per cent of people living in social renting were in poverty after housing costs had been taken into account.
- Thirty-seven per cent of householders in social renting were in employment, compared to 59% in the population. Thirty per cent were retired and 23% were outside the labour market due to being sick, caring for others or being in education, compared to 29% and 9% of the population overall. Nine per cent were unemployed, compared to 3% nationally.
- Fifty-five per cent of householders in social housing were in 'routine or semi routine' occupations, compared to just a quarter in the population as a whole.

## **The reversal of 'residualisation'**

- From the late 1960s, the income and employment profile of social renters started to become lower than those of owners and the national average, that is, social tenants were less likely to work and tended to have lower incomes when they were working. However, this so-called 'residualisation' of social housing came to an end in the 2000s, and social tenants' employment rates are moving closer to the national average.

## **What social housing offers its residents**

### **Housing age, quality and safety**

- Social rented homes were more likely than owned homes and private rented to meet the Decent Homes standard and to be without health and safety hazards, and to have central heating and the best energy efficiency. The majority of homes were houses, which is the home type which most people prefer. Only 5% of social rented tenants lived in high-rise homes.
- Social housing offers less space, higher occupancy rates and more risk of damp, than the other two tenures.

### **Security**

- Social housing tenancies have provided tenants with significantly greater legal security of tenure than private tenancies and for some households at risk of financial problems may provide more legal and practical security than ownership.
- When social renters were asked what advantages their tenure had over private renting, the most common answer is the security of tenure offered by social housing.
- Seventy-five per cent of social renters expected to stay in the tenure in the 'long term', compared to 97% of owners, and 31% of private renters.
- The overall rate of repossessions is similar in social renting and private rented sector. However, high proportions in private renting are due to so-called 'no fault' evictions, not available to social landlords. The recent rate of repossessions in home ownership is lower than for rented tenants, although it was similar immediately after the 2008 financial crisis.

### **Cost and affordability**

- Social renting is the cheapest of all the tenures, with a mean weekly rent of £95 for council tenants and £106 for housing association renters in 2015-16, compared to £184 a week for private renters and £159 a week for the average mortgage payment.
- In the 2000s government required social landlords to increase rents annually by inflation plus 1%. From 2015, landlords were required to reduce rents by 1% a year in absolute terms.

- Generally, social rents are about 50-60% of the market rate, but they are closer to market rents in some areas, notably the North East.
- In 2015-16, social renters spent an average of 28% of their income on rent, compared to 18% for those buying their home with a mortgage, and 35% for private renters.
- Forty-four per cent of people living in social renting were in poverty after housing costs had been taken into account, despite their low rents. Thirty per cent were in 'severe poverty', with an income less than half of the median, after housing costs had been taken into account. However, poverty amongst social tenants is less widespread and less severe than it would be if the current population living in social housing were to be housed in private renting, due to lower housing costs.

### **Housing management services**

- Housing management involves letting homes, carrying out repairs and improvements to homes and estates, collecting rents, ensuring residents comply with their tenancy agreements, and providing some social support.
- Available evidence shows that social housing management has been affected by changes in ownership and management, the growing size and dispersal of individual landlord's stocks, and changes in housing policy and welfare reforms. Social landlords have made use of new means of working and of communication with tenants, including specialised staff teams, call centres, mobile working, the analysis of big data, text messaging, and social media.
- However, since the mid-2000s, there has been a hiatus in published evidence on housing management organisation and performance. It is difficult to obtain recent data on performance and resident satisfaction that covers all social landlords, and would enable generalisation and comparison of performance.
- Thirty-seven per cent of social housing tenants said that the fact the landlord has responsibility for repairs was an advantage of the tenure. However, repairs appear to be one of the less satisfactory aspects of social housing, even though that social housing is generally in good condition.
- Opportunities for tenants to get information, be consulted and participate in decisions that affect them have been encouraged by governments since the 1970s. However, there is little recent evidence on the prevalence and effectiveness of tenant participation structures and methods. Pressure on landlords to provide these opportunities may have decreased, with fewer landlords needing to win tenant ballots, tighter budgets, and changes to regulation. Lines of accountability may have become more complicated with stock transfer, mergers and the use of contractors.

### **‘Housing plus’ and community investment**

- Social landlords provide additional services to residents and their neighbourhoods beyond housing management, from youth activities to health and training and regeneration.

### **Regulation**

- Social housing has always been much more heavily regulated than other tenures, in exchange for public subsidy, and due to its social role.
- Social housing regulation has been altered several times over the past decade, mainly with the intention of reducing constraints on social landlords.
- In 2012, the regulatory body (then the Homes and Communities Agency) ceased most proactive monitoring of fire safety, governance systems, housing quality, repairs, neighbourhood quality, tenancies, and tenant involvement.
- Homes England and a new Social Housing Regulator replaced the functions of the Homes and Communities Agency in 2018. The regulator assesses housing associations against business standards, and it assesses local authorities against consumer standards.
- Tenants with problems can complain to their landlord. To take things further, they can go to the Social Housing Regulator. This will investigate complaints from tenants that raise ‘systemic’ issues. The Housing Ombudsman takes on complaints that raise ‘local’ issues. There does not appear to be data available to assess the effectiveness of the complaints system.

### **Right to Buy**

- Unlike private renting, social housing gives its tenants a Right to Buy. Discounts under the Right to Buy are larger than many or most available under other ownership schemes. The Right to Buy has provided 1.9m households with a route into home ownership.

### **Neighbourhood quality**

- Social housing tends to be located in more urban and more deprived neighbourhoods than home ownership. However, this pattern is more marked for private renting, and 64% of social housing is in suburban areas, very similar to the other tenures.

### **Social status and attitudes of others**

- Although much social housing is of good quality and has some advantages over other tenures, and problems in ‘difficult to let’ estates have generally been addressed, social housing in general and some individual estates continue to have flawed reputations. This can be a



burden to their residents. The continuing relative deprivation of many (but not all) social housing neighbourhoods and residents may play a role in this, but media and policymaker attitudes may also be important.

# Chapter 1 Introduction

## Summary

- *In June 2017, a fire started in Grenfell Tower, a recently renovated tower block in the London borough of Kensington and Chelsea, owned by the council and mostly occupied by social renting tenants. Seventy-two people died.*
- *In September 2017, Sajid Javid, then Secretary of State for Communities and Local Government announced a Green Paper on social housing. The Green Paper was intended to be a wide-ranging review of the issues facing social housing.*
- *This independent report, produced by researchers at the University of York's Centre for Housing Policy, is designed to support the process of developing the Green Paper. It is not intended to respond directly to the issues raised by the Grenfell Tower fire itself. This review of social housing is designed to support policy development for social housing that is already in motion. Consequently, the time and resources put into previous reviews of social housing were not available for this report.*
- *This report summarises existing research on existing social housing in England, highlights gaps in information, and discusses the key messages. It emphasises the resident experience of social housing. It does not examine housing finance or new building in any detail.*
- *The researchers used a rapid review method, using suitable internet search terms and known websites, focussing on academic and policy-oriented research covering England and published since 2000, where available.*
- *There appear to be important gaps in data. There is no single publicly accessible source for data on social housing organisations' stocks, structures and performance. We found relatively little recent evidence to enable us to generalise about social housing ownership, management organisation and performance, and the conditions experienced by tenants overall. Proactive monitoring and nationwide reporting of social landlords' management performance and resident involvement ceased in 2011. In addition, in the 2010s there appears to have been less academic research on social housing than in previous decades.*

## A new focus on social housing

In June 2017, a fire started in Grenfell Tower, a recently renovated tower block in the London borough of Kensington and Chelsea, owned by the council and mostly occupied by social renting tenants. The fire got out of control. Seventy-two people died. Hundreds of people lost their homes and hundreds more had to move out of adjacent buildings.

While the emergency services have been praised, the responses of the local authority and the housing management organisation were widely seen as inefficient and insensitive. The tragedy provoked a national outcry and a wave of sympathy for victims, their relatives and displaced residents, and increased national interest in social inequality and social housing. A series of inquiries were launched, including an independent inquiry, an independent review of building regulations and fire safety, and investigations by the police, fire service, technical agencies, and Equalities and Human Rights Commission.<sup>1</sup>

In a statement on the fire, the Prime Minister Theresa May said:

*“for too long... under governments of both colours, we simply haven’t given enough attention to social housing”.*<sup>2</sup>

In September 2017, Sajid Javid, then Secretary of State for Communities and Local Government<sup>3</sup> said,

*“We need to return to the time, not so very long ago, when social housing was valued... treasured. Something we could all be proud of whether we lived in it or not”.*<sup>4</sup>

Javid announced a Green Paper on social housing, which would be:

*“a wide-ranging, top-to-bottom review of the issues facing the sector... the most substantial report of its kind for a generation... What has gone right and what has gone wrong... Why things have gone wrong and - most importantly - how to fix them”.*<sup>5</sup>

## The aims of this review

This independent report, produced by researchers at the University of York’s Centre for Housing Policy, is designed to support the process of developing the Green Paper. It is not designed to respond directly to the issues raised by the Grenfell Tower fire itself. The causes of the fire and the responses to it are being explored in detail by a number of enquiries, including the independent inquiry, as well as investigations by the Metropolitan Police, fire service, technical agencies, and Equalities and Human Rights Commission.

This report aims instead to provide a broad review of contemporary social housing, and its strengths and weaknesses, whether or not these are relevant to the particular problems that may ultimately be identified at Grenfell Tower or in the Royal Borough of Kensington and Chelsea. This is partly in response to

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<sup>1</sup> Grenfell Tower Inquiry undated

<sup>2</sup> May 2017

<sup>3</sup> Recently changed role to become Home Secretary. The Secretary of State for Housing, Communities and Local Government at the time of writing is James Brokenshire.

<sup>4</sup> Javid 2017

<sup>5</sup> Javid 2017

survivor views that they had been neglected or devalued simply for being social rented tenants, an issue recently referred to by the Prime Minister, and to widespread concerns that the Grenfell Tower tragedy may have wider, if indirect, implications.

There has been no general review of social housing commissioned by government since the Hills Review in 2007<sup>6</sup>, although other reviews have examined specific aspects of the tenure, such as social housing regulation and the local authority housing revenue account system.<sup>7</sup> The Hills Review was commissioned as part of the preparation for the last housing Green Paper, also in 2007.<sup>8</sup>

In the past decade, much has changed for social housing, in its structures, regulation, funding, ownership, management and population. Social housing has been affected by the Localism Act 2011, the Housing and Planning Act 2016, and the Homeless Prevention Act 2017, as well as by major budget decisions and other policy changes. In addition to the present review for MHCLG, in 2018 the Labour Party and the homelessness charity Shelter were also carrying out reviews of social housing.<sup>9</sup>

The report focusses on general needs social housing, However, there are a few references to specialist supported social housing. The report is concerned with England, although there are references to social housing in the other nations of the UK and in other countries.

## **The methods and sources used**

This report summarises available research on social housing in England, and highlights gaps in information. It emphasises the resident experience of social housing, while bearing in mind the interests of potential residents (such as those waiting for social housing). However, it has not involved talking to residents, and most secondary sources used are quantitative and do not allow residents to introduce their own priorities into the evidence. This report, however, briefly considers the value of social housing from the point of view of society as a whole.

The report focusses on existing social housing and does not examine in detail the finance of social housing or the development of new social housing.

The researchers used a rapid review method, using suitable internet search terms and known websites, focussing on research covering England and published since 2000, where available. We did not carry out a formal search using multiple social science and public policy databases as the time and resources available did not allow for this. We made extensive use of the live tables and other data from the English Housing Survey including headline data to 2016-17, as well as the contents of the UK Housing Reviews, and Homes and Communities Agency (now Homes England) data.

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<sup>6</sup> Hills 2007

<sup>7</sup> Cave 2007, DCLG 2010, Wilson 2013

<sup>8</sup> CLG 2007

<sup>9</sup> Barker 2017, Shelter 2018

It should be noted that this review has been carried on a much smaller scale and within a shorter timeframe than, for example, the Hills Review<sup>10</sup>, and is not comprehensive or systematic.

## Gaps in evidence

There is no single publicly accessible source for data on social housing organisations' stocks and structures and performance. We found relatively little recent evidence or research to enable us to generalise about social housing ownership, how management is organised, how well it is managed, and the conditions experienced by tenants overall. Over the 2000s, a large volume of management performance data was collected by regulators and while audit had costs for the organisations involved, it was used to identify good and poor practice, and contributed to academic research.

Proactive monitoring of social landlords' housing management performance and resident involvement, a useful source of data, ceased in 2011.<sup>11</sup> Selected data are still collected by individual organisations and member organisations including the Chartered Institute of Housing and member organisations for housing associations, local authorities and ALMOs (arm's length management organisations, see Chapter 2), and private consultancies such as HouseMark. Landlords are required to report selected data to tenants annually. However, we have been unable to find key basic data such as national figures for rent arrears in social housing. This is an important gap in evidence. In addition, in the 2000s there was a body of academic research on policy analysis, neighbourhood renewal and mixed communities, and on the management of anti-social behaviour. Less appears to have been published relating to social housing in the 2010s.

## The content of the report

Chapter 2 defines social housing and describes the scale of social housing in 2018, the nature of landlords, and the variety of social landlords and social housing.

Chapter 3 describes the development of social housing from its origins in the late nineteenth century to its peak size in 1980, including some unexpected challenges emerging in the 1970s and how they were addressed.

Chapter 4 describes restructuring of the ownership, management and finance of social housing and reductions in the size of the tenure over the 1980s, 1990s and 2000s, and improvements in the management and condition of homes over the period.

Chapter 5 describes developments in social housing policy since 2010, including changes to tenancies, rents and housing benefit.

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<sup>10</sup> Hills 2007

<sup>11</sup> HCA 2017a

Chapter 6 describes the degree to which residents are satisfied with their social housing, and also sets out evidence on the attitudes of members of the public to the tenure.

Chapter 7 describes the high contemporary demand for social housing, and how residents get into the tenure.

Chapter 8 describes social housing residents using data from the English Housing Survey, on age, household type, gender, ethnicity, disability, income, employment and class. It also describes how the 'residualisation' of social housing reversed from the 1990s.

Chapter 9 describes what social housing offers its residents, ranging from Housing age, quality and safety, security, cost and affordability, housing management services, and 'housing plus', and also covers regulation, the Right to Buy, neighbourhood quality, and social status and attitudes of others.

Much of this review has focussed on social housing from a residents' point of view. Chapter 10 briefly considers key issues in the value of social housing from the point of view of society as a whole.

Chapter 11 summarises the results, and sets out the strengths and weaknesses of social housing. It notes that social housing is already treasured by millions. It considers next steps to make it 'something we can all be proud of'.



# Chapter 2 Social housing in England in 2018

## Summary

### *The definition of social housing*

- *Social housing is rented housing, provided at rents below market levels, by local authorities or housing associations, to people who can demonstrate they are in housing need. Social housing organisations receive subsidy from government (although it should be noted that private rented and owner occupied housing receives support too). They are subject to greater regulation of design standards, rent levels and financial stability than private landlords. Social housing is the main form of 'affordable' housing. There are other types of rented housing and homes for sale at costs below market levels for people who meet the eligibility criteria.*

### *The scale of social housing*

- *In 2016-17, 4 million households in England were in social renting, making up 17% of the total.*
- *After four decades of the Right to Buy, 6% of all households in England lived in homes that were originally built and owned by social landlords, but are now in the private sector.*
- *The proportion of the housing stock, which is social housing, varies between regions, across different housing markets and varies between local authority areas, neighbourhoods and estates. London has 21% of all the social housing in England. Resident characteristics and experiences also vary widely across the social rented sector.*

### *Social landlords*

- *Local authorities were the main builders of England's social housing stock, and were the main owners and managers up until 2011, when housing association superseded them through the cumulative impact of stock transfers. In 2016-17, they housed 1.6m households, 7% of the total. Most managed their homes themselves, but a minority used Arm's Length Management Organisations (ALMOs). In 2016/17, 163 local authorities had a thousand homes or more.*
- *In 2016-17, housing associations housed 2.4m households, 10% of the total in England. In there were 1,415 registered housing associations and 284 had a thousand homes or more.*



## The definition of 'social housing'

Social housing is rented housing provided at rents below market levels, by local authorities or housing associations, to people who can demonstrate that they are in housing need. Social housing organisations receive subsidy from government (although it should be noted that private housing receives support too). Social landlords are subject to greater regulation of building standards, rent levels and financial stability than private sector housing.

Rent levels in social housing are controlled by government and are usually 50-60% of private sector rents in the same area.<sup>12</sup> Social housing is let to households that can demonstrate eligibility to social landlords or to local authorities making decisions on their behalf.

Most social housing is for 'general' housing needs. Some is designed or adapted to meet the physical needs of older people or people with disabilities. Some social housing, known as 'supported housing', has extra staffing to support people with particular needs such as learning difficulties or substance misuse. This report does not cover supported housing.

Council tenants who moved in before 2017 have indefinite or 'secure' or 'lifetime' tenancies, although from the 2000s, these were often only granted after an 'introductory' or 'probationary' year. When the Housing and Planning Act 2016 is implemented, all new local authority and some housing association tenants will have fixed-term or 'flexible' tenancies of up to ten years, although these may be renewed.<sup>13</sup>

New social housing has been partly funded by central government for many decades, and is currently supported through Homes England (and in London, by the Greater London Authority), although recently some housing associations have built social housing using only their own funding. Existing social housing is indirectly supported by government through housing benefit and the housing cost element of Universal Credit. Social housing organisations are regulated by the Social Housing Regulator.

Social housing is the main form of affordable housing. According to the National Planning Policy Framework, 'affordable housing' includes social housing, affordable rented housing, and intermediate rented housing.<sup>14</sup> Social housing is the type of affordable housing with the lowest costs to residents. From 2011, the government enabled social landlords to let homes at 'Affordable Rents' of up to 80% of market rates. Combined with a reduction in subsidy per home, this meant that by 2013/14, there were more affordable rent homes being built than new homes with social rents<sup>15</sup>, and by 2016-17, there had also been a total of 200,000 lettings at Affordable Rents.<sup>16</sup>

The term 'affordable housing' is often used to include forms of home ownership with prices or costs below market levels due to government or other subsidy through a variety of schemes, including shared ownership or 'part-

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<sup>12</sup> Wilcox *et al.* 2018

<sup>13</sup> Wilson 2016

<sup>14</sup> MHCLG undated

<sup>15</sup> MHCLG Livetables 1000, 678 and 684 Last accessed January 2018

<sup>16</sup> Stephens *et al.* 2018

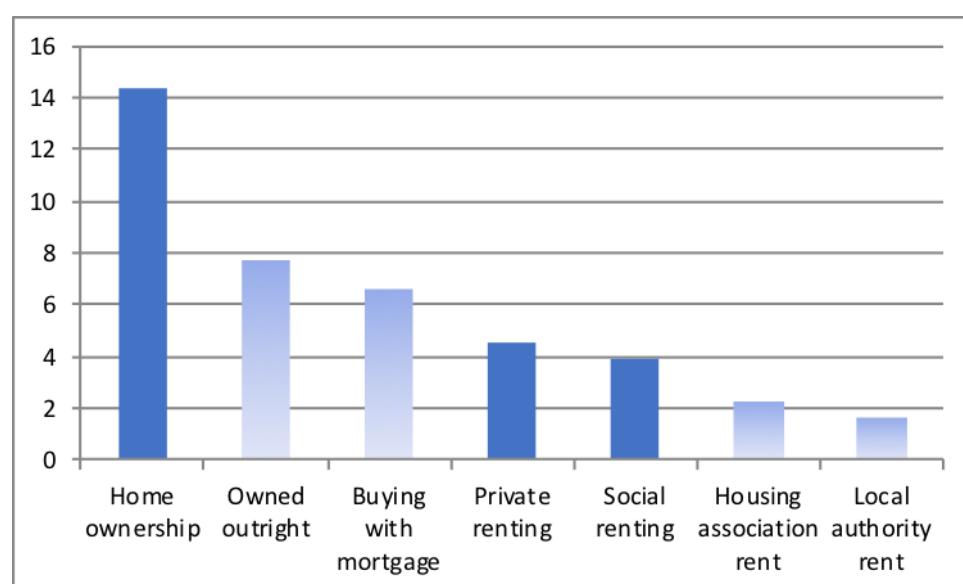
buy, part-rent', 'low cost home ownership', and some 'key worker' accommodation. The Housing and Planning Act 2016 widened the definition of 'affordable housing' used in planning, to include Starter Homes, discounted new homes for first-time buyers.<sup>17</sup>

Other forms of below-market cost housing include 'intermediate market rent', below market but above social rent levels, or 'key worker' rented homes targeted on employees of certain organisations with incomes in a certain range.

## The scale of social housing

In 2016-17, there were a total of 23.1 million households in England. Of these, 14.4 million households (63%) were in home ownership, 4.7 million households (20%) in private renting, and 4 million (17%) households were in social renting. Housing associations housed 2.4 million households (10% of all households), and local authorities housed 1.6 million (7%) (Figure 1).

**Figure 1: The number of households in England in the main tenures and sub-tenures, 2016-17 (millions)**



Source: MHCLG 2018

The largest social housing sector in the UK in terms of the proportion of households housed is in Scotland where it forms 22% of total housing stock, followed by England at 17%, Wales at 16% and Northern Ireland at 15%.<sup>18</sup>

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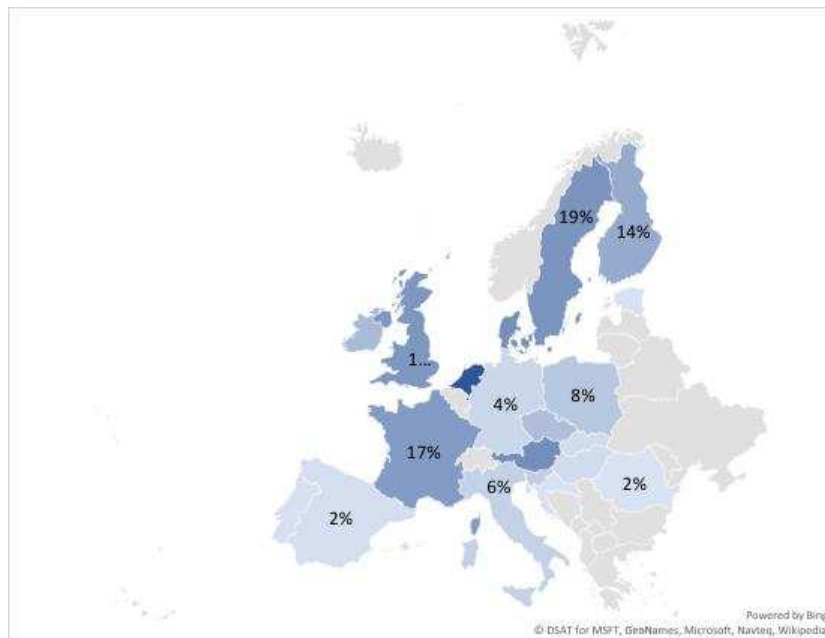
<sup>17</sup> Fears *et al.* 2016

<sup>18</sup> DCLG 2017a

Some other European and OECD countries have larger social rented sectors than the UK, and some have smaller ones.<sup>19</sup>

Each country has a distinct system for providing, financing and allocating social housing, so that 'social housing' implies slightly different things in each country. Several countries have a larger social rented sector than England. Austria (20%), Denmark (20%), Sweden (19%) and the Netherlands (33%) are examples. The size of the social rented sector in France is the same as that in England (17%). Germany has significantly lower levels of households in the tenure, following a process of privatisation (4%). Much of Eastern and Southern Europe has much lower levels of social housing than those found in England, with effectively no provision of social housing in some countries, following sale or transfer to tenants<sup>20</sup> (Figure 2). In the USA, less than 1% of the population live in 'public' housing.<sup>21</sup>

**Figure 2: Social housing as a proportion of homes across Europe**



Source: Pittini *et al.* 2015.<sup>22</sup>

<sup>19</sup> Scanlon *et al.* 2015, Salvi del Pero *et al.* 2017

<sup>20</sup> Pittini *et al.* 2015

<sup>21</sup> The Center on Budget and Policy Priorities 2017

<sup>22</sup> Pittini *et al.* 2015.

Private renting declined for most of the twentieth century, and reached a low of 10% of households in 2000. Private renting increased, and by 2013, there were more than four million privately renting households in England (20% of households). For the first time in decades, more people were renting privately than from a social landlord. Home ownership grew continually until 2003 and in 2016-17 the bulk of homes in England were owner occupied. The decline in social housing slowed in the 2010s, due to falling Right to Buy sales, and the impact of housing association building.

After nearly four decades of the operation of the Right to Buy, many of the homes that were built as social housing are now owner occupied or in the private rented sector. Six per cent of all households in England live in homes that were originally built and owned by social landlords, but have been bought through the Right to Buy and are now in private sector ownership and occupied by owners or private tenants.<sup>23</sup> An estimated 1% of households in England are owner occupiers who are leaseholders of social landlords (in flats originally owned by social landlords but bought under the Right to Buy).<sup>24</sup> An estimated 40% of homes sold under the Right to Buy are now part of the private rented sector.<sup>25</sup>

## **The owners and managers of social housing in England**

Social housing in England is owned by local authorities and housing associations. It is mostly managed by its owners. A small proportion of homes are managed by other organisations on behalf of the housing owners. There are a relatively large number of landlords with small stocks of under a thousand homes, and with medium stocks of fewer than ten thousands homes, and these are mainly housing associations. There are relatively few larger landlords with stocks of more than ten thousand homes, and these are a roughly equal mix of housing associations and local authorities (Table 1).

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<sup>23</sup> Author's calculations from DCLG Livetables Last accessed January 2018

<sup>24</sup> DCLG 2017e

<sup>25</sup> Barker 2017

**Table 1: The number of social housing organisations of different sizes, England, 2016**

NUMBER OF HOMES OWNED	TOTAL NUMBER OF SOCIAL HOUSING ORGANISATIONS	NUMBER OF LOCAL AUTHORITIES	NUMBER OF HOUSING ASSOCIATIONS
0-1,000	1,291	160	1,131
1,000-2,500	65	8	57
2,500-10,000	257	100	157
10,000-50,000	118	53	65
50,000+	7	2	5

Sources: MHCLG Live table LT100; Homes and Communities Agency 2017

## Local authorities

Local authorities were the main builders of England's social housing stock. They were the main owners and managers up until 2011, when housing associations superseded them through the cumulative impact of stock transfers (see above). In 2016-17, local authorities housed 1.6m households, 7% of all households in England.<sup>26</sup>

Local authorities are public bodies. All district councils, metropolitan authorities, unitary authorities, London boroughs and the Greater London Authority have some housing functions. These include planning for new housing, regulation of the private sector, and responsibility for administration of the statutory homelessness system (including homelessness prevention).

In 2016, 166 local authorities in England, owned council homes, as part of their housing roles, and operated a Housing Revenue Account (HRA). Fifty-five authorities had ten thousand or more homes.

Of these remaining local authority landlords, 129 managed their homes themselves.<sup>27</sup> By 2018, there were 33 ALMOs managing just under half a million homes in 36 local authorities.<sup>28</sup> Both local authorities with retained stocks and ALMOs may contract housing associations or private providers for some housing management tasks. All carry out most of their new building, maintenance and improvement, and often repairs, through subcontractors. Most ALMOs also run the statutory homelessness system in the area in which they operate.

Tenant Management Organisations (TMOs) are community organisations with a tenant majority on their boards, which employ staff and control budgets

<sup>26</sup> MHCLG 2018

<sup>27</sup> National Federation of ALMOs undated

<sup>28</sup> National Federation of ALMOs undated

devolved from landlords to manage their own estates.<sup>29</sup> TMOs are typically fairly small, covering one block or estate.<sup>30</sup> There are between 130<sup>31</sup> and 200<sup>32</sup> TMOs in operation at present, managing about 2% of social housing stock, mostly on behalf of local authorities. The Kensington and Chelsea TMO, which managed Grenfell Tower on behalf of the Royal Borough of Kensington and Chelsea, was in practice a form of ALMO with a tenant majority on its board, rather than a typical TMO.<sup>33</sup>

## Housing associations

In 2016-17, housing associations housed 2.4m households, 10% of the total in England<sup>34</sup> (Figure 5). In 2016, 1,415 housing associations were registered with the Home and Communities Agency, the predecessor of the current Social Housing Regulator.<sup>35</sup> The majority were small organisations, but 284 had a thousand homes or more, and seventy had ten thousand or more homes.<sup>36</sup> The bigger housing associations own and build the vast majority of housing association homes.

The official term for housing associations is 'Private Registered Providers' (PRPs), and was introduced in the Housing and Regeneration Act 2008. It is used to contrast to local authorities, which are also registered for government support and regulation, and are formally termed 'public registered providers' (and includes a few private sector organisations that have registered to bid for social housing development funding). The term 'PRP' has not caught on in common parlance, and in this report, we continue to use the informal term 'housing associations'.

Housing associations are non-profit organisations. Housing associations have been described and have described themselves as private sector, public sector, voluntary and third sector organisations, as social businesses and social enterprises, or as 'hybrids'.<sup>37</sup> Many take charitable form. Prior to 2015, they were classified by the Office for National Statistics as 'private'. In the period 2015-2017, they were classified as 'public', and from 2017 again as 'private'.<sup>38</sup>

Housing associations have extended beyond general needs social rented housing provision to provide housing with care, student housing, market and intermediate market renting, shared ownership, low cost home ownership and market ownership. Since the late 1980s, most have made substantial use of private sector funding and moved towards use of private sector goals and

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<sup>29</sup> Newton with Tunstall 2012, National Federation of TMOs undated

<sup>30</sup> Newton with Tunstall 2012

<sup>31</sup> Approximate National Federation of TMO membership in 2018, according to National Federation of TMOs undated

<sup>32</sup> Maximum number of TMOs in 2011, according to Newton and Tunstall 2012

<sup>33</sup> Power 2017

<sup>34</sup> MHCLG 2018a

<sup>35</sup> HCA 2017a

<sup>36</sup> HCA 2017a

<sup>37</sup> Mullins *et al.* 2014

<sup>38</sup> Wilcox *et al.* 2016, ONS 2017

methods. Many, like local authorities, have adopted management practices, culture and organisation similar to private property companies. Increasing numbers of housing associations are involved in profit-making activities including development housing for sale in direct competing with private developers in order to cross-subsidise other activities, and some housing association groups contain for-profit companies.<sup>39</sup>

There have been a large number of mergers between associations, driven by the need to raise private finance for development and to achieve economies of scale. In 2017, 31% of housing associations, which held the vast majority of social housing, were in-group structures, sometimes including for-profit and non-housing activities.<sup>40</sup> As housing associations have grown in size, through development, transfer and merger, large housing associations own homes in more than one local authority area, although they may have a concentration in the historic base of their foundational organisation or with transfer stock. This has implications for the type of management that is feasible, and recent research has shown it is one factor underlying variations in unit costs between housing associations.<sup>41</sup>

The largest housing association group in England in 2018 was Clarion. Clarion Housing Group has homes in 170 local authorities.<sup>42</sup> The box below sets out the evolution of Clarion Group, as a case study of housing association growth and complexity (Box 1).

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<sup>39</sup> Mullins *et al.* 2014, HCA 2017a, c

<sup>40</sup> HCA 2017b

<sup>41</sup> HCA 2016, 2017a

<sup>42</sup> Clarion Housing Group undated.

## Box 1: The growth and merger history of the Clarion Group

1900 - Sutton Dwellings Trust formed

1992 - Aashyana housing association, an Asian-led housing association based in the South West, founded

2001 - Aashyana housing association joined the William Sutton group

2005 - William Sutton and Ridgehill housing association (a South East based housing association created through large-scale voluntary transfer in 1994), amalgamated to create William Sutton Homes.

2006 - William Sutton Homes merged with Downland Affinity (created in 2005, itself created in 1996 from a merger between a Sussex-based Downland housing association which had been set up in 1964, and Mid Sussex Housing Association, set up through large-scale voluntary transfer in 1990 and the creation of a joint group structure in 2004), to create Affinity Sutton

2011 - William Sutton Homes merged with Downland Affinity, and with Broomleigh, created in 1992 through large-scale voluntary transfer from the London Borough of Bromley, to create Affinity Sutton Homes.

2014 - Affinity Sutton took full ownership of stock from Aashyana

2016 - Affinity Sutton merged with Circle (which itself had a long and complex history). Affinity Sutton was the largest housing association in England. The new organisation, Clarion, had 58,000 homes in 170 local authorities, and subsidiaries involved in development for sale, maintenance, market rent, and charitable activities.

Source: [www.clarionhg.com/about/our-structure/](http://www.clarionhg.com/about/our-structure/)

Housing association tenants are not always able to keep up with organisational change. The Office for National Statistics has stopped reporting data for local authority tenants and housing association tenants separately in some data, because considerable proportions of tenants in areas where stock transfer or other changes have taken place do not correctly identify their landlord type. This is an example of the reorganisation creating more complex lines of accountability for tenants.

## The size of social landlords

Restructuring has meant declining average stock sizes for local authorities, and increasing stock sizes for housing associations, but with great variations between individual organisations. Over the 2000s and 2010s, the number of housing associations with fewer than a thousand homes reduced, while the number with more than ten thousand increased. Housing associations with over ten thousand homes made up 5% of all housing associations but owned



58% of all homes.<sup>43</sup> Over the same period, the number of local authorities with no housing, or only trivial amounts left after transfer, has increased, while the size of remaining stocks has decreased. More housing associations than councils now have large and very large stocks (Table 1).

Management theory has long linked size to performance and efficiency, and recent research has shown it is one factor underlying variations in unit costs between housing associations.<sup>44</sup> Different aspects of performance may offer different economies and diseconomies of scale, and communications and information technology are also important factors. For example, cost-effective borrowing of private finance suggests larger scale, while sensitive tenancy management and tenant participation suggest smaller scale. In 1992, a commentator suggested that the most effective size for a social landlord was around 1,000 units; almost thirty years later most homes are held by much larger organisations.<sup>45</sup>

In 2017, a median of 88% of residents of housing associations with five thousand or fewer homes were satisfied with the services provided by their landlords, compared to 85% for larger organisations. This is a small difference: nonetheless, the National Housing Federation-sponsored report on these data said, *“there may be lessons to be learned from smaller associations when it comes to customer satisfaction with services”*.<sup>46</sup>

## The variety of social housing and social landlords

A recent English Housing Survey report states, *“there are three main housing tenures in England”*.<sup>47</sup> However, given the size of each of these tenures, commentators have suggested that the categories may conceal differences within tenures, and similarities between them.<sup>48</sup> This report often provides national average figures, but it is important to bear in mind that social housing, the characteristics of residents, and what social housing offers them does vary substantially.

There is a lot of variation in the level of social housing that exists in different regions, across housing markets and between local authority areas, as well as significant differences in the levels of social housing in different neighbourhoods and estates. Local housing markets across the UK, and even within England, are different, and probably increasingly different, due to linked changes in labour markets.<sup>49</sup> Major cities have been seeking devolution deals

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<sup>43</sup> HCA 2017a

<sup>44</sup> HCA 2016

<sup>45</sup> Clapham 1992

<sup>46</sup> Wickenden 2017:26

<sup>47</sup> DCLG 2017a:5

<sup>48</sup> Rugg and Rhodes 2008, Murie and Lee 1997

<sup>49</sup> <https://www.gov.uk/government/publications/operating-area-housing-market-reports-august-2014>

to give them more power to vary policy, including on planning and housing, which reflects and will add to variation.<sup>50</sup>

There are some differences in the homes, locations, organisations and residents of local authority housing and those of housing association housing. These differences have reduced over time, largely because of the transfer of many former local authority homes and sitting tenants to housing associations.

In any one area, social housing makes up a different proportion of the local tenure system, due to uneven development of social housing and uneven patterns of Right to Buy sales.<sup>51</sup> Urban areas and more economically deprived parts of England tend to have a higher proportion of social housing. Local authority social housing does not exist in large parts of the country, especially rural areas in the South East and South West, following large-scale voluntary transfers to housing associations.

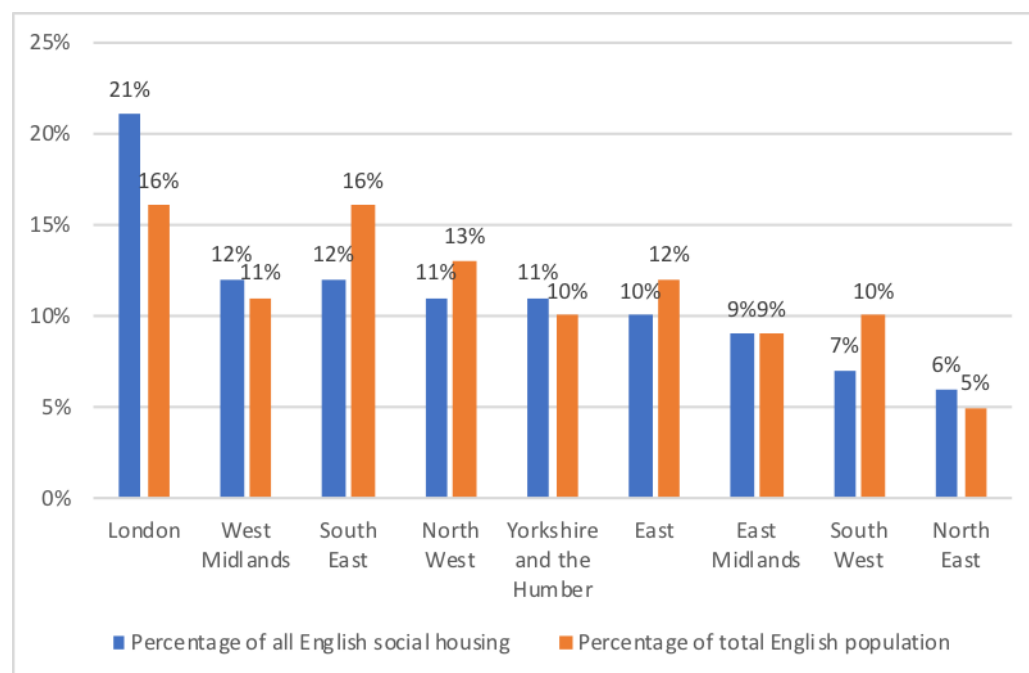
Social housing is most concentrated in London (Figure 3). In 2017, London had just 16% of England's population, but 21% of its social housing, while in contrast the South East also had 16% of England's population, but only 12% of its social renting. The North West and South East also had relatively high levels of social housing.

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<sup>50</sup> Jones 2016

<sup>51</sup> Murie 2016

**Figure 3: Social rented homes by region compared to population by region, 2016**



Source: Homes and Communities Agency 2017

In 2011, the proportion of social housing varied substantially between local authority areas.<sup>52</sup> Knowsley had the highest proportion of housing association homes of any local authority, at 28%, while Castle Point had the lowest, at 2%.<sup>53</sup> In 2016/17, 64% of social housing was located in suburban areas, 28% in city centres and other urban areas and 9% was in rural locations.<sup>54</sup>

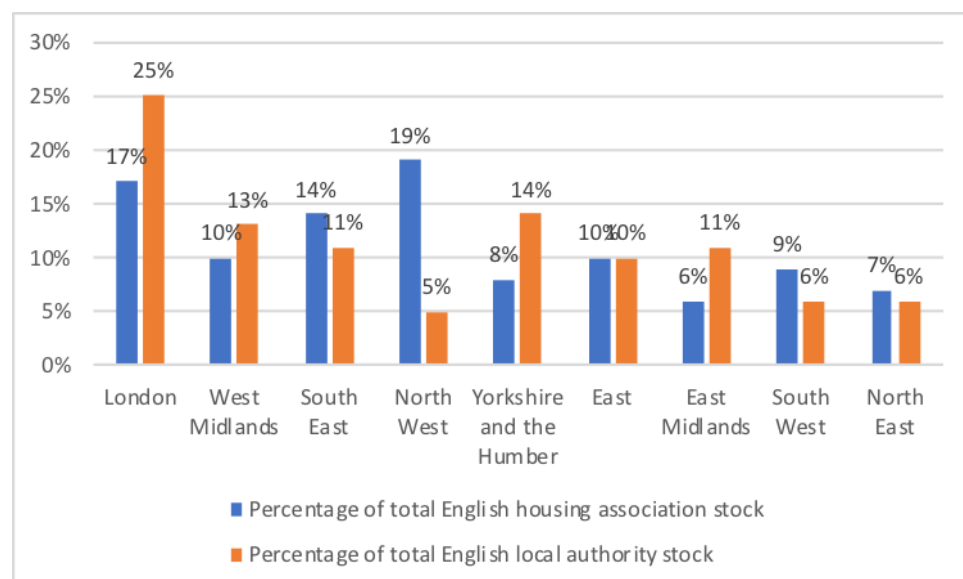
One quarter of all remaining local authority housing is in London, while housing association homes are particularly concentrated in the North West (Figure 4). There are more housing association than local authority homes in every region except the East Midlands and Yorkshire and the Humber. In the North West, local authority homes were outnumbered by housing association homes by 85,000 to 514,000.

<sup>52</sup> 2011 census data downloaded from <https://www.nomisweb.co.uk>

<sup>53</sup> HCA 2017

<sup>54</sup> HCA 2017a

**Figure 4: Local authority homes by region compared to housing association homes by region, 2016**



Source: Homes and Communities Agency 2017

Resident characteristics vary between areas, due to differences in local populations and the role social housing plays in the local housing market. There are also differences in housing stock, allocation policy, and the nature and reputation of individual estates.

Residents' experiences vary by landlord and home. Analysis of the British Household Panel Survey has shown that social housing with higher numbers of physical problems is associated with somewhat lower life satisfaction than better quality housing, equivalent in size to the impact of an annual increase in income of several hundred pounds.<sup>55</sup>

Residents' attitudes and life satisfaction vary according to their experiences and their own characteristics, including age, household type and ethnicity.<sup>56</sup> Different residents may have different attitudes to the same homes and estates.

<sup>55</sup> Fujiwara 2013

<sup>56</sup> Wallace 2010, Fujiwara 2013



# Chapter 3 The growth of social housing in England

## Summary

- *Homes for rent at sub-market rents to selected people on low incomes were first built by charities and philanthropists to provide an alternative to the private rented slums of Victorian England. Major building programmes took place in the 1920s and 1930s, and again in the 1950s and 1960s. In the 1970s, social housing overtook private renting, which had been the main tenure.*
- *Social housing reached its peak in 1979, when it provided homes for 5.5m households or 31% of the total in England. Since that period it has been shrinking as a tenure, and in 2011, it was overtaken by private renting.*

## The era of growth

The number of social rented homes and the proportion of all households in England living in social housing grew continuously from the start of social housing until 1981, when the numbers of homes began to reduce, following the introduction of the Right to Buy (Figure 5).

Some people trace the beginning of philanthropic housing back to medieval alms-houses. Homes for rent at sub-market rents to selected people on low incomes were first built by charities and philanthropists to provide an alternative to the private rented slums of Victorian England.<sup>57</sup> Some local authorities in the large cities also became involved in housing improvement, first in slum clearance, then slum replacement, and from 1890, in the permanent ownership and management of homes built to replace slums.

After the First World War, local authorities began larger-scale development of, low-to-medium cost and medium-to-high-quality flats and houses, known as 'council' housing using subsidy from central government and their own funds. By 1939, an estimated 10% of all households were in social housing, mainly council housing.<sup>58</sup>

Council building increased after the Second World War as part of a drive to increase housing supply.<sup>59</sup> By 1961, social housing housed 24% of all households. Council house building continued, and from the mid-1960s housing association got access to central government funds too. By 1971, social housing overtook private renting, which had been the main tenure but was in sharp decline.

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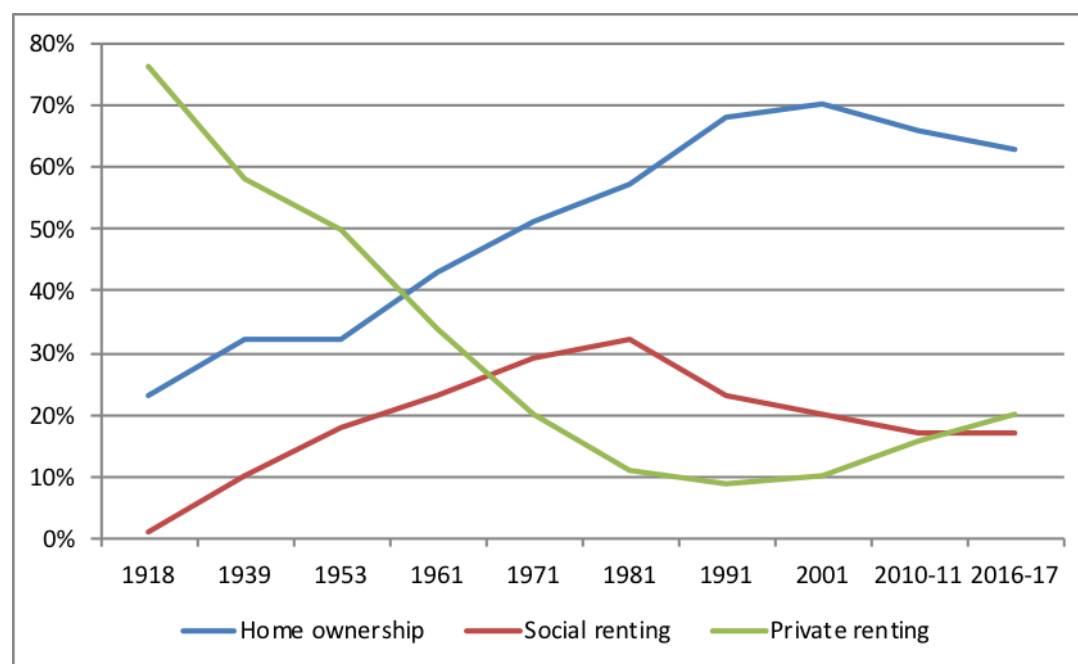
<sup>57</sup> Wohl 2001

<sup>58</sup> Holmans 2005a

<sup>59</sup> Malpass and Murie 1999

Until the 1980s, the vast majority of social housing continued to be built, owned and managed by local authorities, with small amounts being provided by housing associations. At the peak, a total of 31% of households were in social renting; 29% in council housing and 2% in homes provided by other social landlords, mainly housing associations (Figure 5).

**Figure 5: The proportion of households in England in the three main tenures, 1918 to 2016-17**



Source: MHCLG live tables Table FT1101 (S101) and MHCLG 2018

In the 1930s and again in the 1950s and 1960s, a large proportion of council building was closely linked to slum clearance. Between 1955 and 1985, it is estimated that 1.5m 'slum' homes were demolished and replaced, rehousing some 3.7m people, largely in council housing.<sup>60</sup> In 1947, when those aged 71 today were born, more than one third of households lacked sole access to a dedicated bathroom and approaching two-thirds lacked a hot water system.<sup>61</sup>

From the very early inter-war period, new council homes were built to relatively high space standards and with kitchens, bathrooms, indoor toilets, hot water, and electricity and gas supplies. New council housing made a substantial contribution to the reduction in overcrowding and the improvement of housing conditions in the twentieth century.

Housing conditions also improved because of private sector new build, government grants for improvements to privately owned housing and owners'

<sup>60</sup> Yelling 2000

<sup>61</sup> Holmans 2000

own investment in their homes.<sup>62</sup> By 1991, the proportion of households without a bathroom or hot water system was tiny.<sup>63</sup>

In 1953/54, the 32% of people who were owner-occupiers had the highest average incomes, but council tenants were not far behind in earnings, while the lowest income group in England were people in the private rented sector.<sup>64</sup> For the next two decades, council tenants had mid-range incomes and many households contained one or more people paid work.<sup>65</sup> In 1968, council tenants' incomes were about 90% of the national average.<sup>66</sup>

## Unexpected challenges

In the early post-war period, the main problem associated with council housing by the public and policy makers was the need for more. There were problems such as slow development of facilities at new estates, high rents in some areas, loneliness in new communities, and high child populations.<sup>67</sup> Contemporary studies record again and again the delight of many residents on arriving in their new council home.<sup>68</sup>

## The emergence of problems in some estates

However, by the 1960s, more serious problems began to emerge, and on a wider scale than seen before, affecting tenants, landlords, and government as the funder of social housing. Some estates were affected by one or more of a series of problems, including empty homes, crime, vandalism, low quality environments and poor reputations, rent arrears, concentrations of people out of work or on low incomes, flawed construction, problematic design, poor locations and absence of facilities.<sup>69</sup> In 1979, a researcher described some estates as “*difficult to let, difficult to live in and sometimes difficult to get out of*”.<sup>70</sup> Landlords and government, who had seen decades of unmet demand for council housing, were now facing a range of challenges which had not been anticipated.

These were estates that have formed the lasting public image of ‘unpopular estates’, ‘problem estates’ and ‘sink estates’. Estates of non-traditional design were more likely to be affected by social problems. This small minority of estates loomed large for social landlords and other public services, because even one estate with such problems could create substantial extra work and costs for managers and councillors. ‘Problem’ estates also loomed large in local media coverage of residents’ concerns and crime problems. As estates

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<sup>62</sup> Holmans 2005

<sup>63</sup> Holmans 2005

<sup>64</sup> Bentham 1986

<sup>65</sup> Bentham 1986

<sup>66</sup> Brewer *et al.* 2009

<sup>67</sup> Glendenning and Muthesias 1994

<sup>68</sup> Ravetz 2003

<sup>69</sup> Power 1987, 1993

<sup>70</sup> Taylor 1979



with tower blocks and blocks reached by decks were over-represented amongst estates with problems, they have come to provide the visual image of problematic social housing, despite the fact many were not affected and that estates with houses could have problems.<sup>71</sup> In public perception, the extreme cases came to represent the whole, and these images of social housing have persisted for decades.<sup>72</sup> Many researchers have argued that negative images of social housing and social housing residents are not representative of reality, but have been a greater influence on local and central policy than actual data.<sup>73</sup>

## **The causes of the problems in some estates**

There is a substantial body of research on the estates that had problems. One school of thought, led by Oscar Newman and Alice Coleman, focussed on poor design as a cause of problems, singling out non-traditional forms such as tower blocks and deck access.<sup>74</sup> Some researchers have shown that architects did not have a free hand: central government's need for rapid development<sup>75</sup>, shortages of land in some areas, and the commercial interest of housebuilders (including many well-known today) also played a role in design choices.<sup>76</sup>

Another school of thought, led by Anne Power, focussed on insufficient and over-centralised management, arguing that social landlords had become disconnected from their tenants.<sup>77</sup> Others argued that rising poverty, the entry of the poorest people into social housing and the exit of higher income people to home ownership all accelerated in the 1970s, and that social 'polarisation' between the tenures, and between estates within social housing was the key problem.<sup>78</sup> Yet others focussed on systemic problems including deindustrialisation and growing income inequality. Contemporary campaigners and more recent commentators have argued that builders and managers of social housing paid insufficient attention to the needs of future and current residents.<sup>79</sup> Many argued that several factors could interact at once in creating problems in social housing.

Why did problems emerge in the 1970s? Reviewed in retrospect, the wealth of studies suggests that social housing was facing a perfect storm at this point. The whole tenure was losing some of the relative advantage it had had over private renting. By the 1970s, some council and housing association homes were fifty years old. Investment in existing homes received little attention from government and social landlords compared to new-build social housing, or refurbishment in the private sector. Some newer estates were developed with

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<sup>71</sup> Bines *et al.* 1993; Glendenning and Muthesias 1994

<sup>72</sup> Lupton, 2003; Watt 2008, Kearns *et al.* 2013

<sup>73</sup> Flint and Rowlands 2003, Hancock and Mooney 2013, Stephens *et al.* 2018

<sup>74</sup> Newman 1972, Coleman 1985

<sup>75</sup> Glendenning and Muthesias 1994

<sup>76</sup> Dunleavy 1981

<sup>77</sup> Power 1993

<sup>78</sup> Byrne 1976

<sup>79</sup> Cole and Furbey 1994

non-traditional materials and design, which sometimes proved problematic or less popular with residents.

Older social housing estates were competing against newer ones, while overall housing standards had risen, tenants had higher expectations and increasing proportions of households were able to move into home ownership. Disadvantaged tenants including poorer households and people of minority ethnicity were pushed towards the less popular parts of the social housing stock through the internal market in social housing, through institutional discrimination and in some cases through overt discrimination.<sup>80</sup>

Councils, especially in urban areas, were managing both large clearance and development programmes and increasingly large numbers of homes and tenants and were affected by local authority reorganisation (1965 in London and 1974 elsewhere) which meant many at least doubling in size, putting pressure on housing management systems and capacity.

In hindsight, we can see that this was a period where the total population of 'disadvantaged' groups in social housing was increasing, through marked increases in unemployment in the early 1980s recession, in poverty, and in homelessness, and gradual increases in the proportion of lone parent households and people of minority ethnicity. Investigations and research reported bias and prejudice, including outright racism, in how social housing was being allocated.<sup>81</sup> In 1984, researchers found that local authority allocation processes *"run counter to the interests of Asians and West Indians and to those of whites who are classed as less than 'respectable'."*<sup>82</sup> Housing management was facing new challenges on the estates with social problems, but it was also sometimes clustering people experiencing social and economic disadvantage, and racism, into particular areas.

For example, from the late 1960s the incomes of owner-occupiers began to outpace those of council tenants. Researchers and policymakers began to be concerned about 'polarisation' in terms of income and working status between home ownership and council renting. This was seen as a potential problem for residents themselves, housing managers and society as a whole. In the mid-1970s, council tenants' median<sup>83</sup> incomes were 73% of owners' median incomes, but by 1983, they had fallen drastically to just 45%.<sup>84</sup> There was also polarisation in employment status. Social housing began to be described as a 'residualised' tenure, which meant it was the housing in which the people with the lowest incomes, with the least opportunity, had become concentrated.<sup>85</sup>

In hindsight, we can also see that in some places, again particularly large urban areas, social housing development overshot local demand, as de-industrialisation began to bite, and population began to move away from metropolitan centres. Finally, from the late 1960s, governments of both

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<sup>80</sup> Henderson and Karn 1987

<sup>81</sup> Gray 1976; Peach and Shah 1980; Pawson 1988

<sup>82</sup> Henderson and Karn 1984

<sup>83</sup> The median is the middle number when a range of numbers are ranked from lowest to highest.

<sup>84</sup> Brewer *et al.* 2009

<sup>85</sup> Forrest and Murie 1983, Malpass 1990, Lee and Murie 1997

colours were trying to reduce public spending, and the costly council housing programme was an obvious place to try to make savings.

Ravetz argued in 2003, “*the commonest estate biography is a hopeful beginning, which provides a long-remembered ‘Golden Age’, followed by gradual or occasionally sharp decline*”.<sup>86</sup> However, it was only ever a minority of social housing that was affected by serious problems of unpopularity and poor living conditions. The 1981 study of ‘difficult to let’ housing by the Department of the Environment, one of the forerunners of MHCLG, found that unpopular estates were concentrated in urban local authorities with large housing stocks.<sup>87</sup> Many smaller, less urban local authorities never reported more than trivial numbers of ‘difficult to let’ homes. Few studies of estates with problems have blamed social rented tenure itself for problems in some estates. Instead, they have blamed detailed characteristics of individual estates or the context council housing found itself in.

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<sup>86</sup> Ravetz 2003:190

<sup>87</sup> Burbidge *et al.* 1981

# Chapter 4 The restructuring and improvement of social housing

## Summary

- *Since its peak in 1980, social housing has been shrinking as a tenure, and in 2011, it was overtaken by private renting.*
- *Policy aimed to reduce the size of the tenure as a whole and the scale of individual council landlords. It acted to restructure ownership, management, finance and new development towards housing associations and the private sector, through the Right to Buy and various forms of stock transfer to new landlords.*
- *Alongside restructuring, there were improvements in social housing management overall and in the management, physical and social conditions of less popular estates.*
- *The Right to Buy was introduced in 1980, which was to lead to 1.9m social renting households buying their homes.*

## Restructuring and improvement

During the 1980s and 1990s, researchers, analysts and commentators came up with various different ideas about how to 'fix' problems in some social housing estates.<sup>88</sup> At local level, in places with problems, improvement initiatives drew on all schools of thought on the causes. These included investment in physical improvements to homes and estate environments<sup>89</sup>, decentralised management working in small areas and very heavily engaged with residents<sup>90</sup>, the introduction of business-orientated practice to housing management, with the goal of maximising efficiency and effectiveness<sup>91</sup>, attempts to privatise social housing management<sup>92</sup>, and giving housing associations a greater role in social housing development, ownership and management.<sup>93</sup>

Policymakers also had a bigger project. This was to reduce the size of the social housing tenure as a whole and the stocks of individual council landlords, to restructure its ownership, management, finance and new development towards housing associations and the private sector, to empower tenants relative to their landlords, to improve estate conditions, and

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<sup>88</sup> Cole and Furbey 1994

<sup>89</sup> Pinto 1993

<sup>90</sup> Power and Bergin 1999

<sup>91</sup> Walker 2000

<sup>92</sup> MacLennan *et al.* 1992

<sup>93</sup> Bines *et al.* 1993

to encourage home ownership.<sup>94</sup> Social housing was transformed through the introduction of the Right to Buy in 1980.

Various other methods were developed to move whole estates into housing association or private sector ownership, and eventually to transfer entire local authority stocks to housing associations. Central government funding for improvements or borrowing approval were made conditional on social landlords introducing reforms. Housing associations were subject to less financial constraint than local authorities.

By 2001, the total social housing stock had reduced from its peak of 5.5m households, or 31% of the total to 4.0m, 20% of the total (Figure 5), mainly through the Right to Buy. Local authority renters had reduced from the peak of 29% of households in 1981 to 16%, due to the Right to Buy and stock transfer. Housing association renters had increased from 2% to 6%<sup>95</sup>, due to stock transfer and building.

Overall, these shifts have been characterised as ‘modernisation’, ‘restructuring’, and privatisation’.<sup>96</sup> Similar transitions from direct public provision of social housing have taken place in many OECD countries<sup>97</sup>, although they are most marked in the UK. These changes lead to shrinkage of the size of the social housing stock, which in itself contributed to residualisation, as those with greatest needs were prioritised for the reduced supply of homes. The governance, regulation, means for accountability, organisation and management of social housing and processes for development changed dramatically, and became more varied between organisations and places.

## The Right to Buy

The Right to Buy, introduced in 1980, gave tenants of councils and non-charitable housing associations tenants the Right to Buy their homes. It is the best known of all housing policies in the UK and is also well known abroad.

The law provides local authority tenants with at least three years social tenancy with the Right to Buy their homes at a discount, depending on the length of their tenancy, and the rules prevailing at the time. Council tenants whose homes have been transferred to housing associations retain the Right to Buy. From 1997, housing associations tenants with three years as social renters (with any landlord) have had a similar Right to Acquire, but with a much lower maximum discount of £16,000.

Annual Right to Buy and other sales peaked at 167,000 in 1982/83, and by 2009-10, they had fallen to 6,000 per year.<sup>98</sup> Approximately 1.9 million social rented homes were sold in England between 1980, when the Right to Buy was

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<sup>94</sup> Rhodes 1994, Cole and Furbey 1994, Malpass and Murie 1997; Malpass and Victory 2010

<sup>95</sup> MHCLG livetables LT101 Last accessed April 2018

<sup>96</sup> Malpass and Victory 2010, Pawson and Mullins 2010

<sup>97</sup> Walker 2010, Salvi del Pero *et al.* 2017

<sup>98</sup> Wilcox *et al.* 2017

introduced, and 2016.<sup>99</sup> This included 0.1 million homes originally owned by housing associations.<sup>100</sup> During much of this time, more than two-thirds of sales were houses.<sup>101</sup> Houses, larger and more attractive properties were more likely to be bought, and take-up varied between areas, with higher sales in areas with higher house values.<sup>102</sup>

## Stock transfer

Until the 1980s, the English social housing system was dominated by councils, with housing associations playing a very small role. The key financial, regulatory and management relationships were between central government and local government, and between local authority officers, local authority councillors and tenants' representatives. Concerns about accountability of local authorities to tenants were part of the arguments for change. However, the principal reasons for the changes appear to have been to reduce local authorities' role in direct provision and central government's role in finance of new homes and refurbishment, while boosting private and third sector activity.

In 1988, the first local authority transferred its entire housing stock voluntarily to a purpose-built new housing association.<sup>103</sup> The practice, known as 'Large Scale Voluntary Transfer', spread through district councils with smaller stocks under the 1997-2010 Labour governments. With subsidy support, from 1997 it extended into urban areas.<sup>104</sup> Local authorities were relieved of financial and management responsibilities, and the new housing associations were freer than councils to find funding to make improvements.

## New building

New social housing was built at a much lower rate from the late 1970s onwards than had been the case earlier in the century. In 1971, England built 113,700 local authority and 10,200 housing association social rented homes, a total of 123,900. In 1991, the figures were 8,100 local authority homes and 15,300 housing association homes, a total of 23,400, which was 100,500 fewer in total than twenty years before.<sup>105</sup> In 2016, local authorities completed 2,1090 homes and housing associations 24,000, a total of 26,100, slightly higher than in 1991 but still much lower than in 1971.<sup>106</sup> The decline in social housing development since the late 1970s has made a major contribution to the decline in overall housebuilding rates over this period, and to the failure to

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<sup>99</sup> MHCLG Live tables on tenure Last accessed January 2018

<sup>100</sup> Wilcox *et al.* 2017

<sup>101</sup> MHCLG Live tables on social housing sales Last accessed January 2018

<sup>102</sup> Murie 2016

<sup>103</sup> Wilcox *et al.* 2017

<sup>104</sup> Walker 2010

<sup>105</sup> Whitehead 2015

<sup>106</sup> Wilcox *et al.* 2017

reach building rates widely agreed as necessary to meet housing need and demand.<sup>107</sup>

From the late 1970s, government subsidy to local authorities was reduced, and they were also restricted from borrowing the money previously used to part-fund new homes. From the late 1980s, new build funding from government to housing associations was also restricted, but in contrast to local authorities, they were encouraged to borrow. Local authority new build reduced to very low figures, while housing association development grew fast but from a low base. The overall effects were a switch from direct and indirect central government funding to borrowing from the private sector, and from 'bricks and mortar' subsidy (of new building) to subsidy of consumption of existing housing (through housing benefit or the housing element of Universal Credit), and lower rates of building.<sup>108</sup>

## Improvements in management

Two major studies of social housing management in 1989 and 1993 for the Department of the Environment, one of the predecessors of MHCLG, found varied performance between organisations and across the country.<sup>109</sup> The studies explored relationships between types of organisations, management practices, and outcomes. The evidence on housing management did not always support ideas behind housing reform ideas and policies. For example, smaller organisations were not necessarily more effective than large ones.<sup>110</sup> Housing associations were not consistently more successful than local authorities. External factors were also evident, for example, social landlords working in areas of deprivation had more rent arrears, because more of their tenants were unemployed<sup>111</sup>, not because they were necessarily 'inefficient'.

The 1993 study found that 87% of housing association tenants and 75% of local authority tenants were very or fairly satisfied with the housing management services they received.<sup>112</sup> However, this left significant minorities not satisfied. In addition, it noted, *"the promotion of tenant participation remained relatively undeveloped in many forms of social landlord organisation"*.<sup>113</sup> These studies did also find that reforms were under way, on basic performance, and also to reduce racial discrimination in allocations, and wider reform including the use of data and technology<sup>114</sup>, and there were improvements between the two studies.<sup>115</sup>

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<sup>107</sup> Barker 2004, DCLG 2017

<sup>108</sup> Malpass 1990, Malpass and Murie 1999, Malpass and Victory 2010, Whitehead 2015

<sup>109</sup> Maclennan *et al.* 1989, Bines *et al.* 1993

<sup>110</sup> Maclennan *et al.* 1989, Bines *et al.* 1993

<sup>111</sup> Bines *et al.* 1993

<sup>112</sup> Bines *et al.* 1993

<sup>113</sup> Bines *et al.* 1993

<sup>114</sup> Power 1987

<sup>115</sup> Maclennan *et al.* 1989, Bines *et al.* 1993

Over the 1980s and 1990s, housing management, like other public services, was influenced by 'new public management' and 'managerialist' theory and practice. New public management involved reduction in size of public sector organisations, competition, hands-on top management, an emphasis on cost-savings and efficiency, and performance measurement and monitoring.<sup>116</sup> From 1994, local authority housing management services were subject to Compulsory Competitive Tendering, and from 1999, to the alternative Best Value regime, which accelerated changes in management and created divisions between 'client' and 'contractor' sides in organisations.<sup>117</sup> Housing associations were not subject to the same statutory and regulatory regime, but nonetheless, as part of their own organisational changes and increased use of private finance, reorganisation and increased scale, they took on many similar managerial practices. By 2010, housing associations were displaying more 'managerialisation' and used more outside contractors than local authorities.<sup>118</sup>

## Improvements in less popular estates

Over the 1980s, 1990s and 2000s, a series of central government programmes including Estate Action (1985-1995), and New Deal for Communities (1998-2008) aimed to help local authorities improve the most problematic estates, addressing multiple issues with improvements to homes and environments, management reform, increases in tenant involvement, the introduction of mixed tenure housing and training and job opportunities programmes.<sup>119</sup> In some estates with non-traditional design, walkways were removed, and public spaces reorganised. Flats were given entry phones, and ground floor flats were given gardens. A succession of wider urban and neighbourhood regeneration programmes affected estates and their neighbourhoods from 1969-2010. Over time, a substantial evidence base developed on estate regeneration.<sup>120</sup>

Policy became more sophisticated, to include initiatives on education and health, and residents were sometimes given substantial roles in regenerating areas or estates. A large body of evaluation research recorded improvements in estate and neighbourhood safety, living conditions and management. There had been marked improvements by the 1990s in conditions and popularity in what had been unpopular estates, and further improvements in the 1990s, including increases in resident employment.<sup>121</sup> Some homes were demolished in areas where change was too costly or there was insufficient demand. Images of the extreme case of demolition have again played a role in representing the whole of social housing and as potential solutions to

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<sup>116</sup> Jacobs and Manzi 2000, Walker 2010

<sup>117</sup> Jacobs and Manzi 2000:56

<sup>118</sup> Walker 2010

<sup>119</sup> Pinto 1993

<sup>120</sup> Cole and Reeve 2001, Dabinett 2001, Griggs *et al.* 2008

<sup>121</sup> Tunstall and Coulter 2006.



problems, but were, as before, not actually representative of social housing as a whole.<sup>122</sup>

On the other hand, the characteristics of social housing residents continued to move away from the average in terms of income and employment status. By 1999/2000, council tenants' median incomes were just 33% of owners'. In 2000/01, fully 54% of those in social rented homes in Great Britain were on poverty incomes (below 60% of median equivalised household income after housing costs), compared to 13% of homeowners.<sup>123</sup> This trend was partly linked to the fact that the tenure was shrinking and that higher-income and employed tenants left the tenure through the Right to Buy.

## Further restructuring of social housing ownership and management

### Transfers

By 2008, almost half of councils in England had no council housing, although they retained other housing duties.<sup>124</sup> Nearly 200 housing associations had been involved in transfer proposals and actual transfers of former council housing.<sup>125</sup> The majority of transfers took place between 1990 and 2009. It is transfer that had led to housing associations overtaking local authorities as social landlords. Available evaluations suggest that better access to funding and the opportunity to rethink strategy and management have led to improvements in housing quality and housing management following transfers.<sup>126</sup>

### ALMOs

In 2000, social landlords were required to meet the Decent Homes standard by 2010, and those that could not finance the work themselves had to consider stock transfer or a private finance initiative scheme. From 2002, some local authorities that did not want to transfer their stock established 'arm's length management organisations' (ALMOs). ALMOs do not take on ownership of the local authority's housing, but manage it under a contract for a fixed time period, usually five years with potential for renewal. Management services include repairs, improvements and redevelopment, although the local authority, as owner, retains some role. ALMOs that met performance standards were eligible for additional funding for the Decent Homes programme. They have been described as "*an improvised hybrid*" between the local authority and housing association sector.<sup>127</sup> In addition to management services, the majority of ALMOs provide some homelessness services on

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<sup>122</sup> Glendenning and Muthesias 1994

<sup>123</sup> DWP Livetables Table 3.6db Last accessed April 2018

<sup>124</sup> Pawson and Mullins 2010

<sup>125</sup> HCA 2017a

<sup>126</sup> Pawson *et al.* 2009

<sup>127</sup> Cole and Powell 2010:60

behalf of their council, and many also provide some care and support services.<sup>128</sup>

## Improvements in quality and management

Over the 2000s, the size of the social housing stock was stable (Figure 5). There was steady demand for social housing, and a halt to the trend seen since the late 1970s of increasing unemployment, poverty and social disadvantage for social housing tenants.<sup>129</sup> Management performance was generally good. Following the introduction of the Decent Homes standard for social housing, the quality of social housing pulled ahead of owner occupation and private rented housing.<sup>130</sup> The proportion of social housing tenants who thought their landlord kept their home in a decent condition increased from 70% in 2004 to 77% in 2008, and the proportion satisfied with the repairs and maintenance service increased from less than 67% in 1999-2000 to more than 75% in 2008.<sup>131</sup> There was a substantial programme of neighbourhood regeneration, which was shown to be effective through extensive independent research.<sup>132</sup> Research on a sample of estates which had had problems in the 1980s showed they improved in the 1990s and continued to improve in the 2000s<sup>133</sup>.

## Rent

Government has taken a close interest in social housing rent levels. Social housing rents rose in line with inflation and earnings from the 1980s to the 2000s<sup>134</sup>, but then in the 2000s government required social housing rents to converge with private rents, by increasing annually by inflation plus 1%.<sup>135</sup> From 2001/02 to 2014/15 rents increased at a faster rate than earnings, the 25% of people who earned the least saw their incomes rise by 34%, but housing association rents rose by 74% and local authority rents by 79%.<sup>136</sup>

## Regulation

In 2008, the functions of the former Housing Corporation were divided between the Homes and Communities Agency (funding new social housing) and the Tenant Services Authority (regulation). This was described as “*the most important restructuring of the national and regional level governance of*

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<sup>128</sup> National Federation of ALMOs undated

<sup>129</sup> Tunstall 2011; Pearce and Vine 2014

<sup>130</sup> National Audit Office 2010

<sup>131</sup> TSA 2009

<sup>132</sup> Batty *et al.* 2010, AMION 2010

<sup>133</sup> Tunstall and Coulter 2006

<sup>134</sup> Wilcox *et al.* 2017

<sup>135</sup> Wilson 2015

<sup>136</sup> NAO 2017

*social housing in England since the 1970s*".<sup>137</sup> It involved further competition with the private sector combined with lighter-touch regulation.

## **Continued questioning about the need for social housing**

Despite the relatively positive condition of social housing, questioning of the need for the tenure continued. Policy papers produced in the 2000s by think-tanks across the political spectrum argued that social housing was not fulfilling its role successfully.<sup>138</sup> According to some commentators, social housing was causing problems for its residents, for example via peer group or neighbourhood effects, and some argued that its size and role should be reduced.<sup>139</sup>

In 2007, the Hills Review of social housing took the view that there were problems in some parts of social housing, but argued that this did not contradict the fundamental arguments for the provision of good quality sub-market housing for people on low incomes or in housing need<sup>1</sup>. Hills argued that the system should be reformed rather than transformed. Nonetheless, many observers focused on the relatively low employment rates in social housing that the review reported. Government also appeared to lose enthusiasm for neighbourhood renewal, and did not plan further schemes after the end of the National Strategy for Neighbourhood Renewal. It had been shown to improve deprived areas significantly and more than control areas<sup>140</sup>, but at the same time had not 'transformed' their residents' employment status and incomes.<sup>141</sup>

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<sup>137</sup> Victory and Malpass 2011:449

<sup>138</sup> Regan and Patrick 2001

<sup>139</sup> Dwelly and Cowans 2006, MacLennan 2007

<sup>140</sup> Batty *et al.* 2010, AMION 2010

<sup>141</sup> Lupton *et al.* 2010, Lawless 2010

# Chapter 5 Current social housing policy

## Summary

- *Since 2010, implementation of the policies which restructured social housing in previous decades, the Right to Buy, transfers and ALMOs has slowed down. However, there have been significant new policies.*
- *There have been substantial reductions in government funding for housing due to the austerity programme.*
- *A new tenure called 'Affordable Rent' housing was introduced to stretch government development funding, and came to dominate new building by social landlords.*
- *The Right to Buy was reinvigorated, with higher discounts.*
- *Social landlords have been given the option to introduce shorter-term 'flexible' tenancies in place of secure tenancies.*
- *A new rent regime requires social rents to fall in real terms, which may help social renting tenants but creates business-planning challenges for social landlords.*
- *Welfare reform has affected the support available to social housing tenants on low incomes.*

## Introduction

Much has changed for social housing over the decade since the Hills Review in 2007. Like the previous governments, governments from 2010 have given considerable attention to social housing.<sup>142</sup> Numerous moments of transition or 'crisis' have been identified for UK social housing by commentators in the past.<sup>143</sup> However, there have been significant new policies.

## A slow-down in transfer and reversal of ALMOs

There were no stock transfers 2009-2014, and just three in 2014/15 and 2015/16.<sup>144</sup> By 2015/16, a total of 1.3m homes had been involved in 119 whole-stock and 187 partial-stock transfers.<sup>145</sup> The first large-scale stock transfers and, consequently, the first no-stock local authority housing

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<sup>142</sup> May 2018

<sup>143</sup> Power 1987

<sup>144</sup> HCA 2017a

<sup>145</sup> Wilcox *et al.* 2017

department were almost thirty years old, and the first transfers in urban areas were twenty years old.<sup>146</sup>

In 2000, there were 69 ALMOs managing about one million homes. However, ALMO creation fell after 2000, and some commentators suggested ALMOs might be a 'short term expedient'.<sup>147</sup> In the 2010s, many local authorities chose to take housing management back in-house, on the grounds that Decent Homes works were completed, and that in-house management was more cost-effective. By 2018, there were 33 ALMOs managing just under half a million homes in 36 local authorities.<sup>148</sup>

Research based on a sample of twenty less popular council estates in England has tracked the ways in which social housing restructuring has affected the ownership and management of individual estates and their residents.<sup>149</sup> The twenty estates were built by local authorities from the 1920s to the 1970s. Until the 1990s, they remained owned and managed by the same local authorities, apart from a few tenants exercising the Right to Buy. Over the 2000s and 2010s, there was rapid change in ownership and management. In 2017, only four of the twenty estates were local authority owned and managed. The rest were owned and managed by housing associations, or by ALMOs, and in some cases, responsibility had changed more than once.<sup>150</sup>

## New policies

### Funding

Over the period 2009/10-2014/15, there was at least a 41% cut to funding for continuing 'local government' and 'communities' responsibilities for DCLG (the predecessor to MHCLG).<sup>151</sup> DCLG capital expenditure reduced by 54% 2009/10-2014/15, the largest fall among departments with significant capital budgets.<sup>152</sup> The Decent Homes improvement programme came to an end, and neighbourhood renewal funding largely stopped. The shift to spending on housing benefit accelerated. Between 2009/10 and 2012/13, UK government expenditure on housing benefit grew from 58% to 71% of the total expenditure on housing, while expenditure on house building fell from 28% to 17%.<sup>153</sup> Reducing the growing housing benefit budget has been a major concern for policy.

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<sup>146</sup> Pawson *et al.* 2009, Wilcox *et al.* 2017

<sup>147</sup> Pawson and Mullins with Gilmour 2010

<sup>148</sup> [www.almos.org.uk](http://www.almos.org.uk) Last accessed January 2018

<sup>149</sup> Power 1984, Power 1991, Power and Tunstall 1995, Tunstall and Coulter 2006, additional desk research to 2017.

<sup>150</sup> Authors' desk research

<sup>151</sup> Tunstall 2016

<sup>152</sup> Tunstall 2016

<sup>153</sup> Tunstall 2016

## Affordable rent housing

There is no longer any new government-supported 'social housing' at traditional social rents. Rents well below market levels (for equivalent accommodation) have been a feature of social housing for most of the post war period. New, much less 'social', tenures ('affordable' and 'starter') have been added to the spectrum of subsidised and sub-market housing forms, and together these are absorbing almost all government attention and support.

The Coalition Government reduced subsidy to new build social housing by more than half, to £20,000 per home. At the same time, it enabled social landlords to let homes at 'Affordable rents' of up to 80% of market rates. By 2013/14, they were more new Affordable Rent homes being built than new homes at traditional social rents.<sup>154</sup> In 2017, housing associations were funding new social housing primarily from non-government sources, and also predominantly from home sales rather than borrowing. In 2017, the HCA predicted that by 2019 fewer than half of homes housing associations built would be for sub-market rent in any form, including Affordable Rent. Necessarily, none would be government-supported social rent, and only a small fraction might be housing associations' self-funded social housing.<sup>155</sup>

## A reinvigorated Right to Buy

Annual Right to Buy (RTB) and other sales peaked at 167,000 in 1982/83, and by 2009-10, they had fallen to 6,000 per year.<sup>156</sup> By then, the most attractive homes were no longer available, discounts had not kept pace with prices, and the recession had affected all types of sales. The Coalition government wanted to 'reinvigorate' the policy.<sup>157</sup> In 2012, the maximum Right to Buy discount for council tenants was extended to £75,000 (and from 2013, £100,000 in London). These discounts were much larger than those available through any other schemes to provide access to home ownership. Sales have indeed increased since then. There was a 'voluntary' extension to housing associations in 2016.<sup>158</sup> In contrast, after 36 years in force, RTB ended in Scotland in 2016.<sup>159</sup> The Welsh Government has reduced the maximum discount to just £8,000, and planned to end the RTB by 2019.<sup>160</sup>

This and other reforms in the 2010s led the usually cautious House of Commons researchers to refer to the '*demise*' of social housing (as distinct from Affordable Rent housing or other forms of sub-market housing).<sup>161</sup>

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<sup>154</sup> MHCLG Live Tables 1000, 678 and 684 Last accessed January 2018

<sup>155</sup> HCA 2017c

<sup>156</sup> Wilcox *et al.* 2017

<sup>157</sup> DCLG 2012a

<sup>158</sup> Parkin and Wilson 2016b

<sup>159</sup> Parkin and Wilson 2016b

<sup>160</sup> Welsh Government 2018

<sup>161</sup> Fears *et al.* 2016

## Flexible tenancies

There has been an important change to security of tenure for social tenants. Security of tenure for local authority tenants was introduced by Margaret Thatcher in 1980, and in practice this has meant that tenants who do not breach their tenancy have lifetime security. A similar protection was extended to housing association tenants in 1988. ‘Lifetime’ tenancies have been seen as a “*core underpinning principle*” by most social landlords and low-income advocacy organisations.<sup>162</sup> In 2009, a CLG survey found that 41% of people in all tenures thought that social tenants should be allowed to stay in their home as long as they wanted, even if they could afford market housing, while 37% disagreed.<sup>163</sup>

In 2012, councils were given the option to offer tenancies of only five years. These could be extended, but only on evidence of both good behaviour and continuing housing need. Landlords began to experiment. Housing associations were also given the option of introducing similar fixed term tenancies.<sup>164</sup> The Housing and Planning Act 2016 planned to prevent local authorities from offering secure tenancies, recommending lengths of two to ten years.<sup>165</sup>

## Housing benefit and Universal Credit

There have been important changes in support to low-income tenants. Since 1982, people on the lowest pay or on out-of-work benefits have received housing benefit funding to pay all of their social rent. From 2015, when Universal Credit started to be introduced, housing benefit has gradually been replaced by the housing cost element of the new benefit.<sup>166</sup> However, eligibility for housing support has reduced for some households due to welfare reforms, including the benefit cap and the removal of the spare room subsidy. Sanctions on some households have resulted in shortfalls, which must be made up from other income.<sup>167</sup>

## Rents

There has also been a major change to rent setting. Local authority rents are generally about half market rents, with housing associations rents generally slightly higher. The 1997-2010 governments required social landlords to increase rents, and a further ten-year plan for rent increases of inflation (measured by CPI) plus 1% was agreed by the Coalition in 2013.

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<sup>162</sup> Parkin and Wilson 2016a

<sup>163</sup> CLG 2009

<sup>164</sup> Wilson 2016

<sup>165</sup> Parkin and Wilson 2016a

<sup>166</sup> Wilson 2018

<sup>167</sup> Clarke *et al.* 2015, 2017

However, the 2015 Summer Budget instead required local authority rents to fall by 1% each year to 2020/21, amounting to a projected 12% cut relative to previous policy. This was to “*protect tenants from rising housing cost*”, and as well as to limit expenditure on housing benefit (or the housing cost element of Universal Credit)<sup>168</sup>, and that social landlords could ‘*play their part in reducing the welfare bill*’, according to the Treasury.<sup>169</sup> However, it also made it harder for housing associations to balance their books, repay loans and to borrow money to build, because their business plans had been based on the assumptions that rent income would continue to rise slightly in real terms.

## Housing association status and social housing regulation

Social housing regulation was altered again in the ‘bonfire of quangos’ in 2010. The Homes and Communities Agency, the funder and regulator of housing associations until 2017 described this as “*an unprecedented degree of change [for social housing]*”.<sup>170</sup>

In 2015, the Office for National Statistics (ONS) marked its own turning point for part of social housing. Due to the extensive finance and regulation housing associations received from government, the ONS reclassified them as ‘public’ rather than voluntary sector bodies for the purposes of accounting. This meant housing association borrowing would now make it harder to achieve government pledges to reduce public borrowing.<sup>171</sup>

In response to the ONS reclassification of housing associations, there was further deregulation in 2017. Housing associations were again reclassified as private in 2017.<sup>172</sup>

In 2018, the regulatory and funding and support roles of the Homes and Communities Agency were divided between a new ‘Social Housing Regulator’ and another body, ‘Homes England’.<sup>173</sup>

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<sup>168</sup> DWP Welfare Reform and Work Bill: Explanatory Notes, July 2015, p10, quoted in NAO 2017 p32

<sup>169</sup> HM Treasury 2015:37

<sup>170</sup> HCA 2017c:5

<sup>171</sup> Wilcox *et al.* 2016

<sup>172</sup> ONS 2017; Stephens *et al.* 2018

<sup>173</sup> <https://www.gov.uk/guidance/about-the-regulator-of-social-housing> Last accessed April 2018





# Chapter 6 Resident and public attitudes to social housing

## Summary

### *Resident satisfaction with social housing*

- *In 2015-16, 83% of social tenants were very or fairly satisfied with their tenure, and 81% were very or fairly satisfied with their home. Levels of satisfaction were similar to those for other public services.*
- *The proportion of social renters satisfied with their homes and tenure was lower than for owners but higher than for private renters. However, social tenants were the least likely of the three tenure groups to be satisfied with their neighbourhood, and less likely than private tenants to be satisfied with their landlords' repairs service.*

### *Public beliefs about and attitudes to social housing*

- *A large majority of the population would prefer to be homeowners than renters. However, a large minority do not expect to become homeowners at least in the medium term, and a large majority see some benefits in social renting.*
- *There is some support for the expansion of social housing for others, and some support for a government role in housing provision. On the other hand, some people who are not tenants have worries about social housing estates and tenants, and there is some support for the reform of housing benefit.*

## Resident satisfaction with social housing

This section reports the views of those currently living in social housing. It covers tenants only, and not leaseholders, who form a considerable fraction of the population in areas where flats have been bought under the Right to Buy.

People who are current social renters tend to have positive views of social housing.<sup>174</sup>

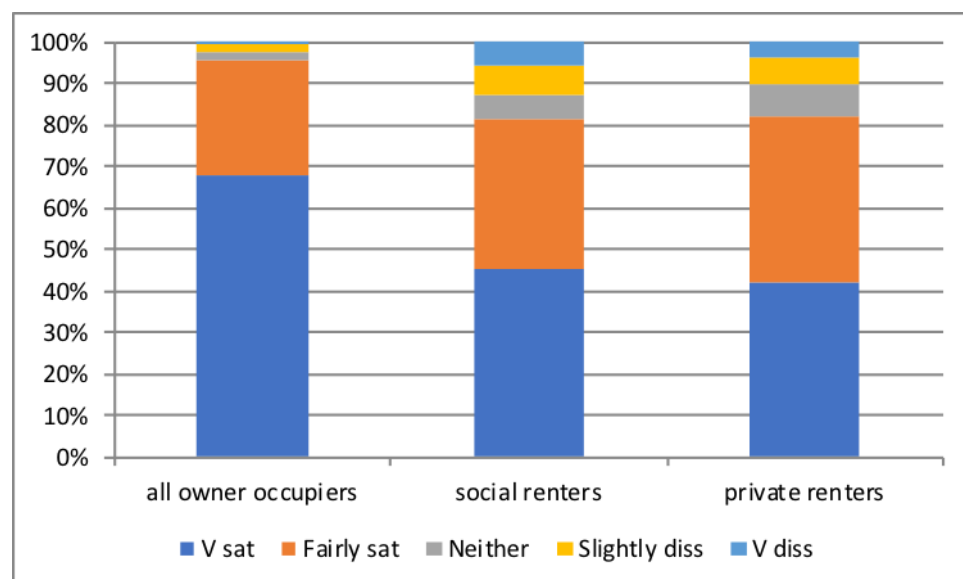
### **Social renters' satisfaction with their homes**

In 2015-16, 81% of social renting households were satisfied with their accommodation, compared to 90% in all tenures. The proportion of social renters who were satisfied was similar to the proportion for private renters (Figure 6).

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<sup>174</sup> Wallace 2010

**Figure 6: Proportion of respondents in different tenures satisfied with their accommodation, 2015-16**



Source: English Housing Survey 2015-16

Social renters were less likely to have the most positive views (being 'very' satisfied and more likely to have the most negative views than those in other tenures (being 'very' dissatisfied'). Forty-six per cent of social renters were very satisfied with their homes, compared to 59% being very satisfied with their homes across all tenures. However, only 42% of private renters were 'very satisfied', fewer than in social housing. Thirteen per cent of social renters were very dissatisfied, compared to just 2% for those in all tenures, although 6% of private renters were also 'very dissatisfied'. The characteristics and circumstances of this small but not insignificant 13% 'very dissatisfied' minority group is a key evidence gap.

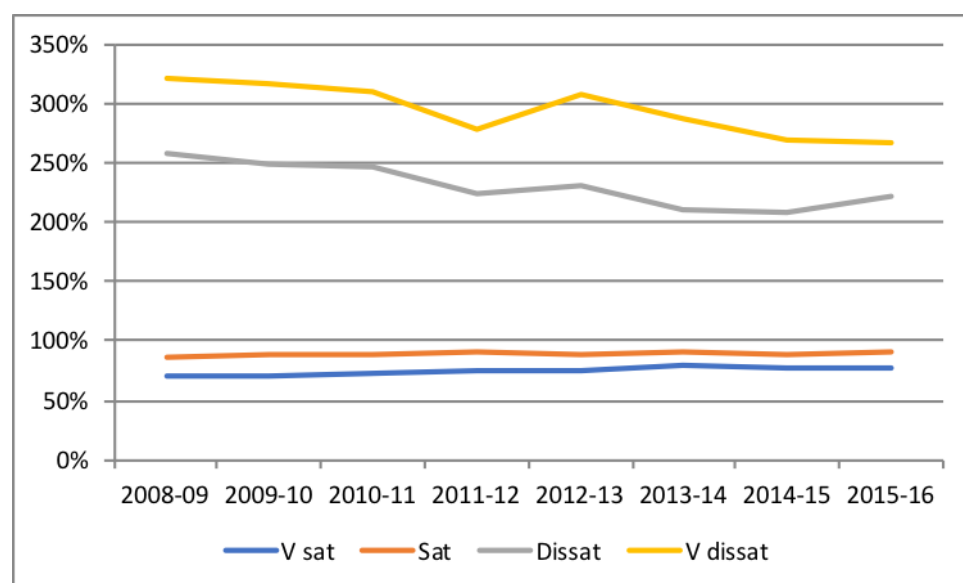
It should be noted that there are substantial correlations between resident characteristics and their satisfaction with the home and neighbourhood, which act independently of the characteristics of the home and neighbourhood.<sup>175</sup> This means part of the differences between tenures can be explained by differences in the composition of the population in each tenure.

In addition, while social housing tenants are less satisfied with their accommodation than those in other tenures, their satisfaction rates have increased slightly over time. In 1986, 74% of social renters were very or fairly satisfied with their home.<sup>176</sup> In 2009-10, 78% were very or fairly satisfied, and in 2015-16, 81% were satisfied. The gap between social tenants' satisfaction rates and those for people in other tenures has also reduced (Figure 7).

<sup>175</sup> DCLG 2017h

<sup>176</sup> Maclennan *et al.* 1989

**Figure 7: Levels of social rented tenant's satisfaction with their accommodation as a proportion of the rates for people in all tenures, 2009-10 to 2015-16**



Source: Authors' calculations from DCLG 2017a

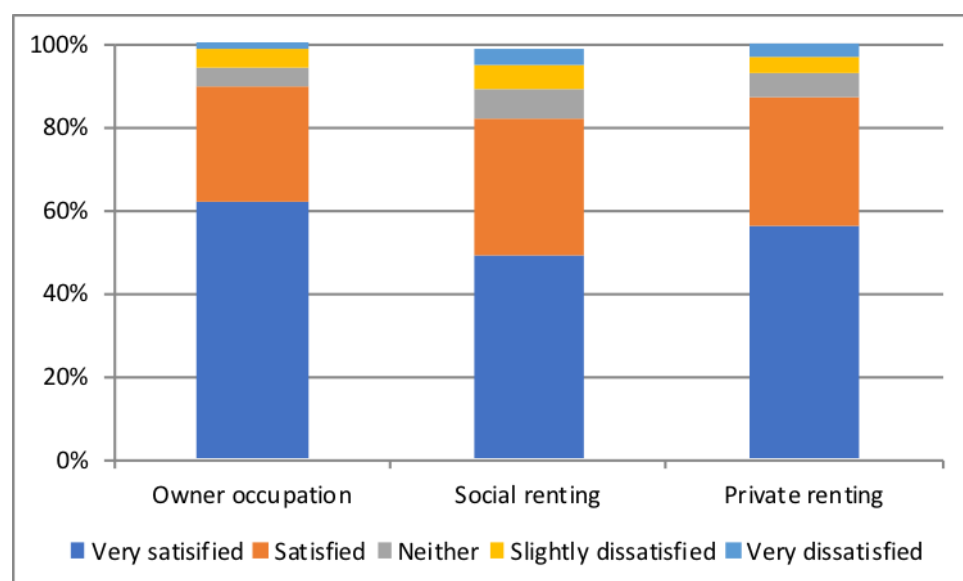
The proportion of social rented tenants who were very satisfied with their homes was always below average for all tenures, but increased from about 70% of the overall average in 2009-10 to about 77% by 2015-16 (Figure 7). Similarly, the proportion of social rented tenants who were dissatisfied with their homes also moved closer to the average over this period.

### **Social renters' satisfaction with their neighbourhoods**

Most people resident in social housing reported they were very or fairly satisfied with their neighbourhood (82%) in 2015-16.<sup>177</sup> However, this was lower both than for owner-occupiers (90%) and for people renting privately (87%) (Figure 8).

<sup>177</sup> DCLG 2017a

**Figure 8: Proportion of repondents in different tenures satisfied with their neighbourhoods, 2015-16**



Source: English Housing Survey 2015-16

As we have seen, social rented homes were the most likely of the three tenures to be in the most deprived areas and areas more deprived than average, which may partly explain these results. Analysis of the 2008 national Place survey found that 81% of satisfaction with the local area was determined by region, area deprivation, and a few population characteristics (the proportion of people under 21, with degrees, and with extra space in their homes).<sup>178</sup> Tenure did *not* emerge as an important factor.

### **Social renters' satisfaction with social renting as a tenure**

Like the general population, people who are resident in social housing tend to want to be owner-occupiers. However, aspirations are different from expectations. Typically, social tenants have relatively low incomes, and may not have the capacity to realise their aspirations. Eighty-six per cent of those who bought their first home in 2016-17 had gross household incomes in the top 60% of all households, but only 26% of social renting households had incomes this high.<sup>179</sup> In 2016-17, 70% of social renters did not expect to buy at any point, compared to 40% of private renters.<sup>180</sup> This was a reduction compared to previous years - in 2011-12 80% of social renters did not to expect to buy - and may reflect the 'reinvigoration' of the Right to Buy as well as growing social resident employment rates.<sup>181</sup> However, social renters still

<sup>178</sup> Duffy and Chan 2009

<sup>179</sup> MHCLG 2018a

<sup>180</sup> MHCLG 2018a

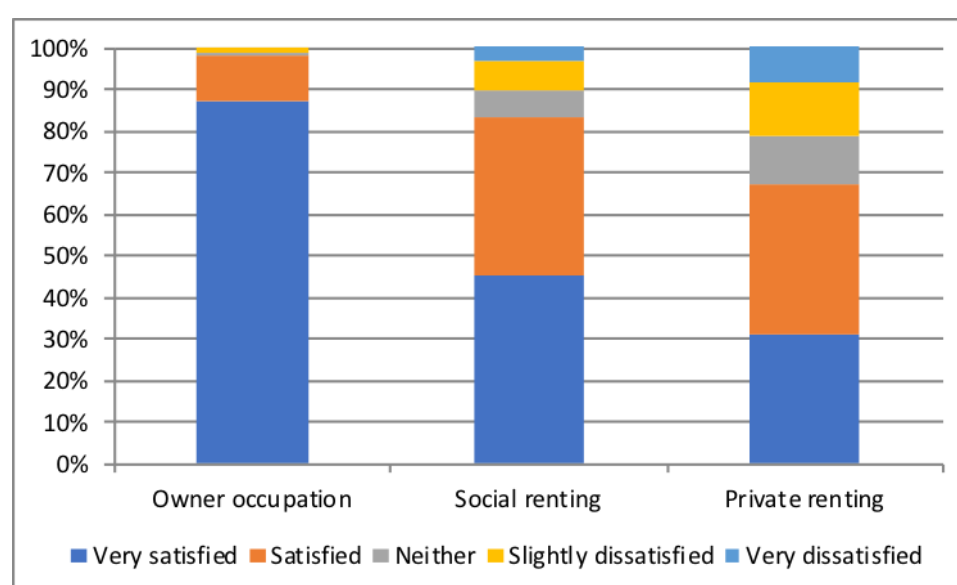
<sup>181</sup> MHCLG 2018a

may face a choice within the rented sector, and given this choice, social renters prefer social renting to private renting.<sup>182</sup>

None of the data sources have explicitly asked respondents to rank their tenure choices.

In 2015-16, a clear majority of people living in social housing also reported that they were very or fairly satisfied with their tenure (83%). This was markedly higher than the figure for private renters (67%), but less than owner-occupiers (98%) (Figure 9).

**Figure 9: Proportion of people in each tenure satisfied with their tenure, 2015-16**



Source: English Housing Survey 2015-16

There is evidence of widespread concern about the level and affordability of market rents. For example, the main potential disadvantage of private rented housing identified by the public (mostly not tenants) was high rents. In 2015 a YouGov poll, 60% of people supported limiting the amount that private landlords could charge tenants.<sup>183</sup>

Private renting and social renting were very similar on tenants' satisfaction with the home, and with their landlord's action on repairs. Eighty-two per cent of private tenants and 81% of social tenants were satisfied with their accommodation, compared to 95% of owners.<sup>184</sup> Seventy-two per cent of

<sup>182</sup> Fletcher *et al.* 2008, Tunstall *et al.* 2016, Croucher *et al.* 2018

<sup>183</sup> Dalgreen 2015

<sup>184</sup> DCLG 2017b

private renters were satisfied with the way their landlord dealt with repairs, compared to 69% of social renters.<sup>185</sup>

People living in social housing also report other advantages of renting and social renting:<sup>186</sup>

- The landlord takes the main responsibility for repairs;
- Low or affordable rents;
- Security of tenure;
- The option to buy under the Right to Buy.

Raw data show that in 2016-17, social renters scored their overall satisfaction with their life at 7.2 out of 10, compared to 7.7 out of ten for people in all tenures.<sup>187</sup> However, life satisfaction is strongly correlated with income, age, ethnicity and neighbourhood type, and social housing contains more of the social groups which tend to have lower life satisfaction.<sup>188</sup> After controls for resident and home characteristics, social tenants had higher life satisfaction than owners and private tenants, and on average were ahead by 0.2 points out of 10.<sup>189</sup> Very different, qualitative research with a wide range of tenants and residents' representatives found they saw social housing as a public good as well as a private benefit, with links to mutual aid and co-operation. Respondents valued the tenure for service, a sense of community and sociability.<sup>190</sup>

On the other hand, disadvantages of their tenure reported by people living in social housing included:<sup>191</sup>

- Lack of choice over where to live;
- Difficulty in moving home when required; and
- (Potential) anti-social behaviour in their wider neighbourhood or by immediate neighbours.

## Public beliefs about and attitudes to social housing

Attitudes to housing are affected by culture, market conditions, and may be more or less informed by experience and evidence.<sup>192</sup> In 2014, a survey found that, on average, people in England thought that 39% of people lived in social housing, more than double the real figure.<sup>193</sup> However, while 17% of households are currently in social housing, more will have had direct experience through past tenancy, and some knowledge through friends and

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<sup>185</sup> MHCLG live tables FT5421(S820) Last accessed January 2018

<sup>186</sup> Bramley 2010

<sup>187</sup> MHCLG 2018a

<sup>188</sup> Fujiwara 2013

<sup>189</sup> DCLG 2016

<sup>190</sup> Bradley 2012

<sup>191</sup> Bramley 2010

<sup>192</sup> Wallace 2010

<sup>193</sup> Marshall 2015

relations. Much available data from surveys and polls is descriptive, and does not explore how beliefs and attitudes are affected by individual circumstances, such as income level, or experience.<sup>194</sup>

## Public tenure preferences

For at least the last forty years, a large and growing majority of households have seen home ownership as their first choice of tenure (Table 2). When asked about what tenure they would like to be in in ten years' time, home ownership was the first choice for 62% of households in 1975, rising to 84% in 2007. The proportion of respondents preferring social housing was a substantial minority at 25% in 1975. It fell steadily over the next decades, and in 2007, 8% preferred social housing.<sup>195</sup> Private renting was the preferred tenure for the smallest group, and again the proportion preferring this tenure has fallen over time.

**Table 2: Preferred tenure to be living in in ten years' time, 1975-2007**

Date	Owner occupation	Social renting	Private renting
1975	62%	25%	6%
1983	78%	15%	3%
1996	79%	14%	1%
2007	84%	8%	2%

Source: Wallace 2010

The British Social Attitudes survey asks respondent to advise a (theoretical) newly married young couple whether they should buy as soon as possible, wait and then buy, or rent. Respondents are told the couple both have 'steady jobs'. Over 90% of those questioned would have advised this newly married young couple to buy a home since the beginning of the study. Those giving this advice included some social renters. The proportion advising the couple never to buy a home and to stay renters, whether private or social, has always been below 3%.<sup>196</sup> This consistency over times and between generations is unusual in social policy, and has been maintained despite actual reductions in home ownership rates since 2003.<sup>197</sup>

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<sup>194</sup> Wallace 2010

<sup>195</sup> MHCLG 2017a

<sup>196</sup> Bramley 2010, MHCLG 2018a

<sup>197</sup> Marshall 2016



The English Housing Survey figures for the proportion of households preferring home ownership have been quoted in many policy and research documents. However, they need to be seen in context. Throughout the periods concerned, government has also in effect expressed a preference for home ownership and has made it financially advantageous for those able to enter the tenure.<sup>198</sup>

The relevant question in the English Housing Survey asks what tenure people would like if they had a 'free choice', and so it records aspirations. For many people, aspirations for ownership are tempered by a realistic assessment of affordability, as well as other considerations such as work and family. The English Housing Survey demonstrates that in 2015-16, very few households entering home ownership had incomes in the bottom 40% of all incomes, so a large proportion of the population cannot achieve these aspirations, at least not immediately.<sup>199</sup>

Aspirations are also affected by the economic climate, and prospects for jobs and house prices. The proportion of British Social Attitudes survey respondents urging the (theoretical) young couple to buy as soon as possible, rather than to wait, has tended to fluctuate with the housing market cycle, peaking at 80% in 1989 and falling to 45% in 2008. In 2015-16, only 44% of all renters expected to own at some time in the future. Only 27% of social renters expected to own at some time in the future.<sup>200</sup> In 2017, 71% of people thought that 'millennials' (aged 17-30) would find it harder to buy a home than their parents' generation had done.<sup>201</sup> It is important to remember that some people are likely to be glad of any home at all, or any independent home. In 2015-16, 7% of adults in England would have liked to have their own home, whether bought or rented, but could not do so because of the costs.<sup>202</sup> They were having to live as concealed or sharing households. Homelessness households do not appear in 'household' surveys like the English Housing Survey.

The British Social Attitudes surveys also show that a large majority of the population, whatever their tenure, see some benefits in renting. Despite the fact they have chosen to own, 89% of owners can identify some advantages of renting, including flexibility to move at short notice and, as noted, the fact that someone else is responsible for repairs.<sup>203</sup> The large number of Right to Buy resales and the reasonable prices achieved for them suggests that many buyers value the physical features and location of ex-council homes, as either residence or investment.<sup>204</sup> In a 2017 poll, large proportion of young people were worried that they might not be able to get a long-term home where they could stay for ten years or more, implying social renting or ownership.<sup>205</sup>

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<sup>198</sup> Stephens *et al.* 2018

<sup>199</sup> MHCLG 2018a

<sup>200</sup> DCLG 2017c

<sup>201</sup> Shrimpton *et al.* 2017

<sup>202</sup> DCLG 2017c

<sup>203</sup> Bramley 2010

<sup>204</sup> Murie 2016

<sup>205</sup> Shrimpton *et al.* 2017

## Public views on social renting

Overall, a recent review of public attitudes to housing stated noted that public views of social renting were more negative than those of social tenants.<sup>206</sup>

However, it concluded that there was a contrast, “*between a frequently negative policy discourse surrounding the sector and more positive public attitudes towards social housing, particularly among lower income households*”.<sup>207</sup>

Opinion polling suggests that people support the existence and expansion of social housing to provide homes for others. While a large minority of people would be opposed to the building of new housing in their area (45%), only a minority say explicitly that no new housing was needed (20%), and when asked about tenure, 39% said new social rented homes were needed, compared to 27% for homes to buy and 25% for shared ownership.<sup>208</sup> Social renters are the most likely tenure group to say more social rented homes are needed in their area, but 32% of owners also prioritise social renting, compared to 31% who identify more homes for sale. Opinion polling has found broad support for government playing a role in the provision of housing, and in the idea of social housing for particular groups.

However, the British Social Attitudes survey shows a long-term decline in the proportion of the public who support a government role in providing a decent home for families that cannot afford one on their own.<sup>209</sup> When asked in 2010 about the best way to make housing more affordable, only 19% said it was to give more money to social landlords to build more homes, with 30% favouring financial assistance to first-time buyers and 22% wanting government to get banks to make access to mortgages easier.<sup>210</sup>

In data now two decades old, the Survey of English Housing found that 75% of respondents who were not council tenants said they would not live in council housing even if they could get it. Only very small proportions of British Social Attitudes survey respondents thought the theoretical young couple both in steady employment might be best off in social housing.<sup>211</sup> A 2004 Ipsos MORI survey found that only 19% of people agreed social housing ‘was a place to bring up a child’, while only 12% thought it offered ‘privacy and peace from neighbours’.<sup>212</sup> The main potential disadvantage of social housing put forward by the public in 2010 was anti-social behaviour on estates on the part of at least some residents.<sup>213</sup> However, 61% of the Ipsos MORI survey respondents reported that they thought the ‘negative view of people in social housing’ was unfair.<sup>214</sup>

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<sup>206</sup> Wallace 2010

<sup>207</sup> Wallace 2010:14

<sup>208</sup> Bramley 2010

<sup>209</sup> Pearce and Taylor 2017

<sup>210</sup> Bramley 2010

<sup>211</sup> Bramley 2010

<sup>212</sup> IpsosMORI 2004

<sup>213</sup> Bramley 2010

<sup>214</sup> IpsosMORI 2004

## Direct comparisons of private and social renting

A 2017 study of people on low incomes found that, “*Social renting... was largely although not exclusively preferred to private renting*”.<sup>215</sup> The English Housing Survey and other major continuing surveys do not ask respondents directly which rented tenure they would prefer if they cannot buy in the foreseeable future. This is key gap in evidence. Sajid Javid commented in 2017 that in the mid-twentieth century, social housing “*was seen the gold standard for accommodation*”.<sup>216</sup> In 2009, a Tenant Services Authority survey showed that only 2% of social housing tenants wished to move into private renting from social renting.<sup>217</sup>

Analysis of the British Household Panel Survey has suggested that a move from poor quality private rented housing to a new (high quality) housing association home has an impact on resident well-being equivalent to a £973 increase in income per resident per year<sup>218</sup> (as well as any other effects, for example, to reduce housing benefit budgets and costs to the NHS, discussed below). It is possible and perhaps even likely that a decade after 2009, social housing remains the gold standard for at least some of the people who have made the assessment that they do not want to, or cannot, buy.

## Public views on private renting

There is relatively little recent evidence on views of private renting, and how it compares to social renting. In 1975, 6% of people said that private renting was their preferred tenure, compared to 25% for social renting. Since 1983, the proportion preferring private renting has never risen above 3%, and has always been at least two-thirds lower than the proportion preferring social housing.<sup>219</sup> In 2009, a CLG survey found that people saw the strengths of the private rented sector as choice in location and flexibility, although social tenants in particular saw this as coming at the cost of higher rents. The other negative was private landlords not (necessarily) letting people stay as long as they wanted.<sup>220</sup>

A 2017 study of people on low income found they often turned to the private rented sector when making planned transitions such as establishing an independent home or a new relationship, or moving to a new job, because there were no waiting lists, and frontloaded payments (deposits, agents’ fees) were at least less than a purchase deposit. For single people on low incomes, private renting was often their only option. However, people on low incomes saw private renting as expensive and insecure (even if they had been in the same home for a long period). For those who were working and not in receipt of housing benefit (or the housing cost element of Universal Credit), rent and other housing costs were a major drain on their income. High rent prevented them from saving to buy (if that was an aspiration), and effectively locked them

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<sup>215</sup> Croucher *et al.* 2017:29

<sup>216</sup> Javid 2017

<sup>217</sup> TSA 2009

<sup>218</sup> Fujiwara 2013

<sup>219</sup> Wallace 2010

<sup>220</sup> Wallace 2010:15

into 'just managing' for the long term (unless they could raise their incomes significantly).<sup>221</sup>

Further analysis and evidence on renters' tenure aspirations and experiences, the comparison made between social and private renting, and variation between places, households, for example families with children, and different income groups, would be valuable.

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<sup>221</sup> Croucher *et al.* 2018



# Chapter 7 The demand for social housing

## Summary

### *Demand for social housing*

- *In the 1980s and 1990s, some social housing estates experienced low demand.*
- *However, in the 2010s, very few social rented homes were 'difficult to let' and overall, social housing is oversubscribed. In 2015-16, 4% of social rented homes were empty, compared to 10% of private rented homes. There were long waiting lists for homes, and people were willing to undergo long waits.*
- *Recent governments have all believed that the supply of affordable (if not necessarily social rented) housing should be increased.*

### *How people get into social housing*

- *The majority of new tenants arrive in social housing after time on waiting lists or as transfers from other social housing tenancies. In 2015-16, 17% of social housing tenants who had moved into their homes in the past three years had been accepted as homeless by the local authority,*
- *There were 1.2m households on the waiting lists for social housing kept by local authorities, and 33% of local authority tenants who had been successful had waited more than a year for their home.*

## Demand in the past

In the late 1970s, local authorities began to find some parts of their housing 'difficult to let'.<sup>222</sup> As described above, unpopular estates helped create the public image of 'problematic' social housing, which has persisted to the present day. In the 1980s and 1990s, problems persisted in some council estates and also emerged in very small parts of some housing association stocks in unfavourable locations in the 1990s, including a few new developments.<sup>223</sup>

Where it occurs, low demand or 'difficult to let' housing is worrying for government and landlords, because it suggests their investment is at risk, and it creates extra costs and reduces rent income. Empty homes and poor estate reputations can cause major problems for the quality of life and safety of residents living nearby.

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<sup>222</sup> Burbidge *et al.* 1981

<sup>223</sup> Holmans and Simpson 1999

## Demand for social housing in 2018

However, demand for social housing today is high and generally exceeds supply, and very few social rented homes are seen as 'difficult to let' by their landlords. In 2015, the English Housing Survey found that 4% of social rented homes were empty, in contrast to 10% in the private rented sector.<sup>224</sup> In 2017, management data showed that 1.1% of housing association general needs social housing homes were vacant, a reduction from 2% in 2009.<sup>225</sup>

This change since the 1990s appears to be due to growing levels of demand for housing across tenures, social housing affordability relative to private options, and to improvements and selected demolition in less popular estates. Twenty council estates selected for study in the early 1980s because they were 'difficult to let' were offering residents improved living conditions by the 1990s, and much improved conditions by the 2000s.<sup>226</sup>

There is currently evidence of demand for social housing across England. In 2017, as noted in an earlier section, there were 1.2m households on the waiting lists for social housing kept by local authorities in England, making up 5% of the total households in the country, and equivalent to 31% of the total number in social housing.<sup>227</sup> In 2015-16, 8% of social renting households had at least one member who was on a local authority waiting list for social housing, as did 7% of private renting households, and 1% of owners.<sup>228</sup> Social housing waiting lists have reduced over recent years from a peak of 1.9m in 2012. The sudden falls in many areas in 2012 and 2013 suggest the reduction is at least partly due to increased emphasis on 'local connections' to access waiting lists following the Localism Act 2011, rather than to reduced interest in social housing.

The length of time applicants are willing to wait for a social rented home (discussed in the earlier section) indicates the strength of demand.

A further measure of demand for social housing is the number of people accepted by local authorities as in housing need according to the homelessness legislation. Local authorities have a duty to secure accommodation for these households, either in social housing or the private rented sector.

The number of households accepted England as 'homeless and in priority need' increased by 36% 2009/10-2014/15 (and without major changes to promote homelessness prevention from 2003/4 onwards, this figure might have been much higher).<sup>229</sup> The number of homeless households in temporary accommodation, awaiting accommodation either in social rented housing or in private renting, rose 40% 2011-2015.<sup>230</sup> Again, it is important to

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<sup>224</sup> DCLG 2017a

<sup>225</sup> HCA 2017a

<sup>226</sup> Tunstall and Coulter 2006

<sup>227</sup> MHCLG Livetable 600 Last accessed January 2018

<sup>228</sup> DCLG 2017b

<sup>229</sup> <https://www.gov.uk/government/collections/homelessness-statistics>

<sup>230</sup> <https://www.gov.uk/government/collections/homelessness-statistics>

note that while there have been increases in statutory homelessness in recent years; levels are much lower than in the 1990s and early 2000s.

The English housing system is currently demonstrating all the signs of pent-up demand in every tenure. There are high house prices relative to incomes, and rising numbers of homeless, overcrowded and concealed households and households in temporary accommodation.<sup>231</sup>

Recent governments have all believed that the supply of affordable (if not necessarily social rented) housing should be increased. The number of affordable housing starts and completions formed part of the performance indicators set for itself on housing by the last government<sup>232</sup>, and all three main parties promised additional development by housing associations and local authorities in their 2017 general election manifestos.<sup>233</sup>

## How people get into social housing

Social housing access and allocation rules are 'rationing' systems, and involve assessment of need and, in many cases, waiting, as in some also other parts of the welfare system.<sup>234</sup> A survey of public attitude to access and allocations by CLG in 2009 found "*a tension between the desire to expand access to social housing and wishing to prioritise vulnerable people when new supply was tight*".<sup>235</sup>

### Eligibility

Most local authorities maintain a housing register. People who would like a social rented home apply for a place on the register, informally known as the 'waiting list', and are allocated priority according to housing need. They can apply to individual housing associations, but many associations have arrangements to work with local authorities and use their registers.

Eligibility rules are determined by national law but also by individual social landlords. People under 18 are usually not eligible for social housing. People from abroad cannot apply for social housing unless they have been given the right to reside in the UK. Under the Localism Act 2011, government recommended that local authorities require someone to be resident in an area for two years before they become eligible to apply for social housing.<sup>236</sup> Some councils require longer periods of residence. Applications for social housing may be refused for a history of arrears, squatting, crime or anti-social behaviour.<sup>237</sup> Housing associations may be reluctant to accept nominations from local authorities of people with high support or treatment needs,

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<sup>231</sup> Fitzpatrick *et al.* 2017, Stephens *et al.* 2018

<sup>232</sup> DCLG 2012b

<sup>233</sup> Conservative Party 2017, Labour Party 2017, Liberal Democrat party 2017

<sup>234</sup> Hills 2007

<sup>235</sup> Wallace 2010:15

<sup>236</sup> Wilson and Barton 2017

<sup>237</sup> Wilson and Barton 2017



especially when social care and NHS support are not in place.<sup>238</sup> There is evidence that social landlords are becoming more selective.<sup>239</sup> Unlike in many countries, there is not usually a clear income limit for access to social housing in England, although people who own a home or who have substantial savings may be excluded by individual landlords.

## Priority

The Homeless Persons Act 1977 required local authorities to give priority to families and vulnerable individuals who are 'homeless' or about to become homeless in council housing allocation. This duty was later amended to provide temporary accommodation until settled housing becomes available. In practice, however, many social landlords still prioritise homeless households. The Homelessness Act 2002 requires local authorities to show 'reasonable preference' to people in housing need when allocating social housing. This includes homeless people, people who are overcrowded or living in housing unfit for occupation, or people who need to move on medical or welfare grounds.<sup>240</sup> Single people on low incomes in a recent study felt they were of such low priority that the path to social housing was in practice blocked.<sup>241</sup> Families have always formed the bulk of households accepted as statutorily homeless by local authorities, there being longstanding evidence that lone adults can face more obstacles to acceptance under the terms of the former homelessness legislation<sup>242</sup> (now replaced by the Homelessness Reduction Act).

Households accepted as homeless may spend time waiting for permanent housing in temporary accommodation, especially in London. Local authorities can discharge their duties under the homelessness legislation using the private rented sector, and since the Localism Act 2011 have been able to do this regardless of applicant tenure preferences.<sup>243</sup>

Homeless law is an area where policy has diverged between England and Scotland, Wales and Northern Ireland. However, all four administrations have become increasingly focused on pursuit of homelessness prevention as a way of reducing homelessness and reducing pressure on the four statutory homelessness systems operating in the UK.<sup>244</sup> In England, the Homeless Reduction Act 2017 will increase the obligations on local authorities to provide advice and assistance before people become homeless.<sup>245</sup>

## Allocations

Once accepted as eligible for social housing, residents wait for an offer of a home. Landlords can establish their own priority criteria to decide which

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<sup>238</sup> Bretherton and Pleace 2011

<sup>239</sup> Fitzpatrick *et al.* 2017

<sup>240</sup> CLG 2012

<sup>241</sup> Croucher *et al.* 2018

<sup>242</sup> Jones and Pleace 2010; Bretherton *et al.* 2013.

<sup>243</sup> Tunstall 2016

<sup>244</sup> Stephens *et al.* 2018

<sup>245</sup> Fitzpatrick *et al.* 2017

people on their register get offered which homes and how long they wait. Guidance following the Localism Act 2011 allowed local authorities to give greater priority to working households, and other groups such as ex-service personnel and to reduce relative priority for other groups, as long as they maintained 'reasonable preference'.<sup>246</sup>

During the period 2010/11 to 2015/16, social landlords let homes to an average of 199,000 new households per year.<sup>247</sup> Social renting lettings fell by 21% between 2009/10 and 2016-17, faster than the fall in the size of the tenure over the period.<sup>248</sup> In addition, in 2015/16, a total of 82,000 existing social tenants received lettings allowing them to move from one home to another.<sup>249</sup> Exchanges between social landlords accounted for 1,000 local authority lettings in 2015/16.<sup>250</sup> By 2016-17, there were over 40,000 lettings at Affordable Rents, and there had been more than 200,000 in total.<sup>251</sup>

In 2015-16, 83% of social housing tenants who had moved into their homes in the past three years had come through waiting lists or as transfers from other social housing tenancies. Seventeen per cent had been accepted as homeless by the local authority.<sup>252</sup> Numbers accepted as statutorily homeless rose rapidly from 1979, peaking in the early 1990s, remaining significant through the early 2000s. However, despite some recent increases levels of statutory homelessness fell markedly following a new emphasis on homelessness prevention from 2003/4 onwards, and are expected to fall further with the new preventative duties. While total demand from statutorily homeless households has decreased, the social rented sector has also reduced in size.

Routes into social housing, and waiting times, vary substantially by local authority area, according to housing need and household type. As noted above, in 2017, there were 1.2m households on the waiting lists for social housing kept by local authorities in England.<sup>253</sup> In 2015-16, 33% of local authority tenants who had been successful and had moved in in the past decade had waited more than a year for their home, as had 26% of housing association tenants.<sup>254</sup> Amongst adults who were on a waiting list in 2015-16 and had not yet been successful, 65% had waited more than a year to date, and 27% had waited more than five years to date.<sup>255</sup> In 2015-16, the average household in social renting had lived in their home for almost twelve years, so they had been allocated their home according to the allocations policies and

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<sup>246</sup> Wilson and Barton 2017

<sup>247</sup> CORE statistics and Social Housing Lettings Database Last accessed January 2018

<sup>248</sup> Stephens *et al.* 2018

<sup>249</sup> Wilcox *et al.* 2017

<sup>250</sup> Wilcox *et al.* 2017

<sup>251</sup> Stephens *et al.* 2018

<sup>252</sup> DCLG 2017b

<sup>253</sup> MHCLG Livetable 600 Last accessed January 2018

<sup>254</sup> DCLG 2017b

<sup>255</sup> DCLG 2017b

patterns of demand existing in 2003/04<sup>256</sup> (a period of high demand for social housing).

Economic theory suggests rationing systems, such as access and allocation rules for social housing, create injustices, inefficiencies and incentives for manipulation at the thresholds. Rationing can reduce mobility, especially where operated by area, and can lead to a power imbalance between the rationers and applicants.<sup>257</sup> In the 1960s, 1970s and 1980s, researchers and equality groups were concerned that minority ethnic groups were being excluded from social housing by institutional discrimination. In the 1980s and 1990s there were concerns that some poorer groups were becoming concentrated in social housing especially in the least desirable parts of the stock.<sup>258</sup>

## Choice

Since the 1980s, public policy has sought to provide services users with choice and put pressure on providers to improve quality (sometimes known as a 'quasi-market' approach).<sup>259</sup> Today, housing associations are regulated on the extent to which they provide tenants with "*an appropriate degree of choice*".<sup>260</sup> In the 2000s, many local authorities followed government encouragement to set up 'choice based lettings' schemes.<sup>261</sup> Using choice-based lettings, a family or individual can 'bid' for advertised available homes, using a points system. More points are given to people with a higher level of housing need.<sup>262</sup>

In practice, the degree of choice people have about whether to apply for a social rented home, what home they may get, and when to leave (considering the availability of places to move on to) varies markedly according to applicant characteristics and the local market. Those seeking social rented homes in high demand areas will have less choice. A 2017 study of people on low incomes found that for some social renters, the "*time and tenacity required to navigate the various processes and procedures to gain access to social housing had caused considerable stress often over prolonged periods of time*", during which some were in overcrowded private renting or temporary housing.<sup>263</sup> Although the former residents of Grenfell Tower and nearby buildings have had high priority as people made homeless by a disaster, they did not receive acceptable offers of accommodation quickly, which provides an illustration of these problems.<sup>264</sup>

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<sup>256</sup> DCLG 2017a

<sup>257</sup> Hills 2007

<sup>258</sup> Henderson and Karn 1987, Pawson 1988

<sup>259</sup> DCLG 2013

<sup>260</sup> HCA 2017a:8

<sup>261</sup> Wilson and Barton 2017

<sup>262</sup> Pleace 2005

<sup>263</sup> Croucher *et al.* 2017:27

<sup>264</sup> MHCLG 2017

# Chapter 8 Social housing residents in 2016-17

## Summary

### *Age*

- *The age mix of social renting householders was very similar to the national average.*

### *Household types*

- *The proportion of households with dependent children, at 30% in social housing, was very similar to that for the nation as a whole, at 28%. However, in social housing, the proportion of households that were families with dependent children headed by a lone parent (14%) nearly equalled the proportion headed by a couple (16%), in contrast to the national figures (22% and 6% respectively).*
- *One-person households make up 42% of all social housing households, markedly higher than for England as a whole at 28%.*

### *Gender*

- *The gender pattern in social housing was distinctive. Fifty-six per cent of all social housing Household Reference Persons (similar to 'heads of household') were female, compared to 40% for all households.*

### *Ethnicity*

- *White people made up 83% of all residents of social renting, compared to 89% in the total population. The largest minority group in social housing was people of Black ethnicity, at 9% of the total for the tenure.*

### *Disability*

- *Seventeen per cent of social renting householders or partners were registered disabled, and 49% of all residents in social housing had a limiting illness or disability*

### *Income, employment and class*

- *English social housing is tightly targeted on people with low incomes. Forty-five per cent of social renting households were in the lowest fifth by income, and only 3% were in the top fifth. Forty-four per cent of people living in social renting were in poverty after housing costs had been taken into account.*

- *Thirty-seven per cent of householders in social renting were in employment, compared to 59% in the population. Thirty per cent were retired and 23% were outside the labour market due to being sick, caring for others or being in education, compared to 29% and 9% of the population overall. Nine per cent were unemployed, compared to 3%.*
- *Fifty-five per cent of householders in social housing were in 'routine or semi routine' occupations, compared to just a quarter in the population as a whole.*

### ***The reversal of 'residualisation'***

- *From the late 1960s, the income and employment profile of social renters began to diverge from those of owners and the national average. However, the so-called 'residualisation' of social housing came to an end in the 2000s, and residents' employment rates are moving closer to the national average.*

## **The residents of social housing in England in 2016-17**

The composition of the population in social housing depends on the characteristics of those moving in, those moving out, and any changes to status during residence. People's status changes when they, for example, have a child or grow older. The characteristics of residents of social housing and how they compare to the population as a whole are important, and allow us to understand how effectively social housing is targeted on those in housing need, and what proportion of total housing need social housing is meeting. Concentrations of particular social groups in social housing, or their relative absence may suggest the need to consider different allocations policies. Equally, there may be a need to change the size of the tenure, or the provision of support or other services alongside housing management. The main comparison made here is between social housing tenants and the whole population in all tenures.

The section uses the English Housing Survey to describe the proportion of residents or households renting from social housing who came from different demographic groups, compared to the national average. Some data are for 2016-17 and other data are for 2015-16. It should be noted that many potentially relevant important resident characteristics of residents - such as enduring housing need, low long-term income, or resilience - are not covered directly in this or other major national surveys. Some of the data are for all members of households. Some data are for 'household reference persons' (HRP), one adult in the household. The HRP is the adult in the household who is working the most hours, or the oldest. It is similar to the idea of the 'head of household', but is intended to reflect the economic rather than the social role. Here we use the informal term 'householder'.

Small differences (of 1-2%) between social housing and all households groups are unlikely to be statistically significant, because the data are based on a sample survey. However, larger differences are more likely to be statistically

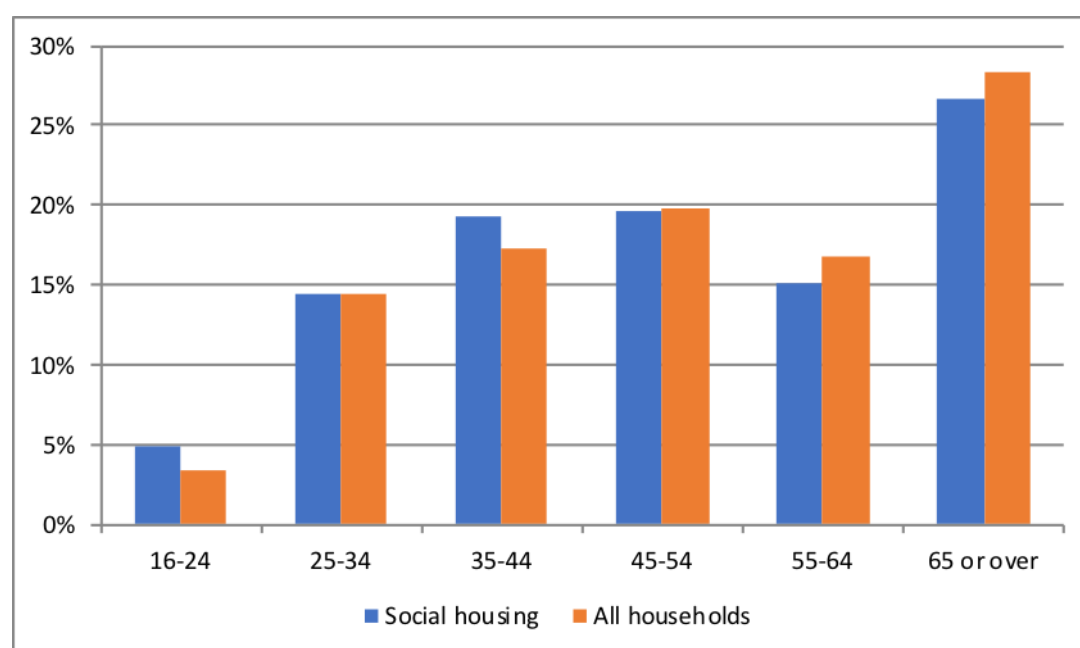
significant, and we can be more confident that they reflect real differences between the total populations in the tenures.<sup>265</sup>

As noted, social housing is concentrated in urban parts of the country where the population has distinctive characteristics, and this may explain some of the differences between social housing households and the national average. Social housing is also skewed towards people on low incomes and in housing need, which may also explain part of the differences.

## Age

In 2016-17, social housing had a slightly higher proportion of household reference persons aged 16-24 than the average for households in England, but generally the age mix of social renting householders was very similar to the national one (Figure 10). This represents a change on the recent past, when social housing householders were relatively younger and older than householders in all tenures.<sup>266</sup>

**Figure 10: Age of householders in social housing compared to age of all householders, 2016-17**



Source: MHCLG 2018

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<sup>265</sup> MHCLG 2018b

<sup>266</sup> MHCLG 2018a

## Household type

In 2016-17, the average (mean) social renting household had 2.3 members, compared to the average for all households of 2.4 members.<sup>267</sup>

One-person households made up 39% of all social housing households, markedly higher than the figure for England as a whole at 28% (Figure 12). Many of these people are likely to be middle-aged or older, and some may have entered the tenure as part of a larger household. This concentration of one-person households in social housing has potential implications for many issues, including allocations policy, housing and energy affordability, any care needs, and community building.

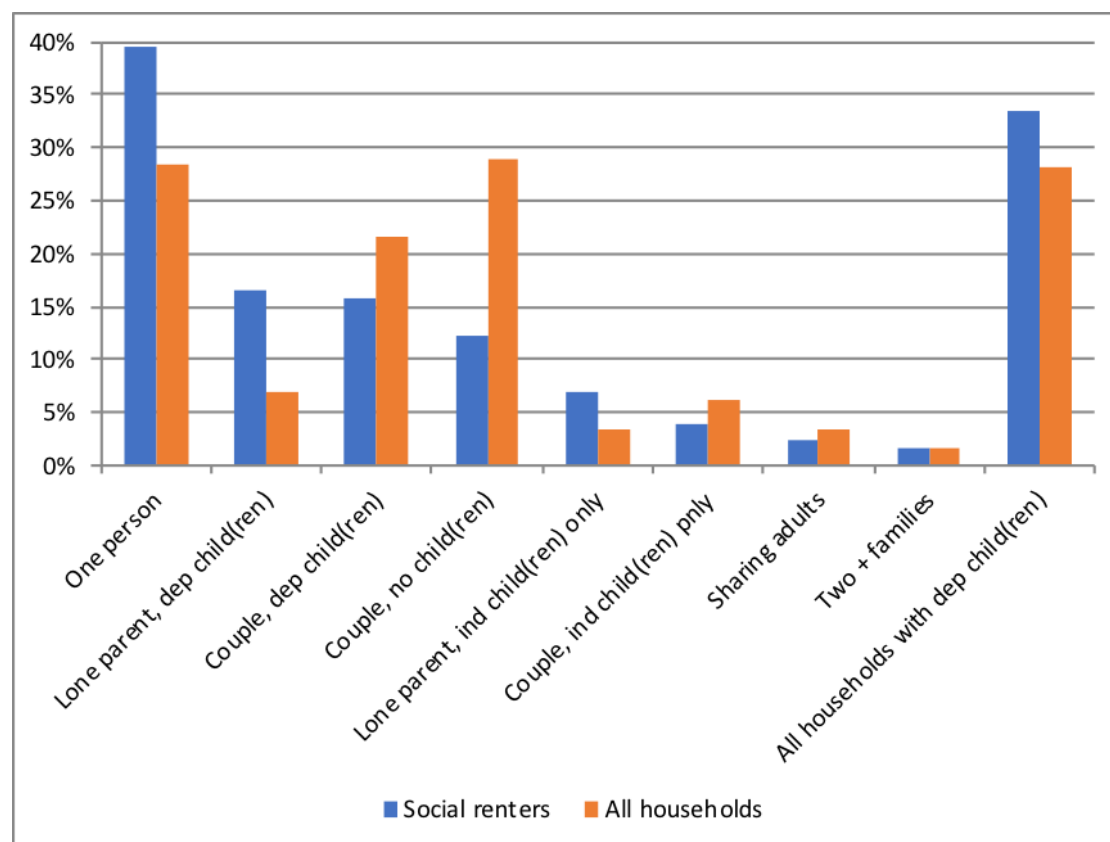
Social housing has fewer couple households than the national average, whether they are couples with no children, dependent children, or independent children. It has much lower proportions of couples with no children than households overall, at 12% compared to 28%.

Thirty-three per cent of households in social renting were families with dependent children. This is higher than that for the nation as a whole, at 28%. However, in social housing, the proportion of households that were families with dependent children headed by a lone parent (17%) was slightly higher than the proportion headed by a couple (16%), in contrast to the national figures (22% and 7% respectively). This partly explains the distinctiveness of the gender of householders in social housing.

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<sup>267</sup> MHCLG 2018a

**Figure 11: Type of households in social housing compared to type of all households, 2016-17**



Source: MHCLG 2018. A 'dependent' child is aged 16 or under, or 18 and under and in full-time education.

## Gender

The gender pattern in social housing is distinctive. The latest available data is for 2015-16, and shows that 56% of all social renter householders were female, compared to 40% for all tenures.<sup>268</sup> This pattern is likely to be partly because of the concentration of one-person households and lone-parent headed households in social housing. Thus social housing is of importance to gender equality.

## Ethnicity

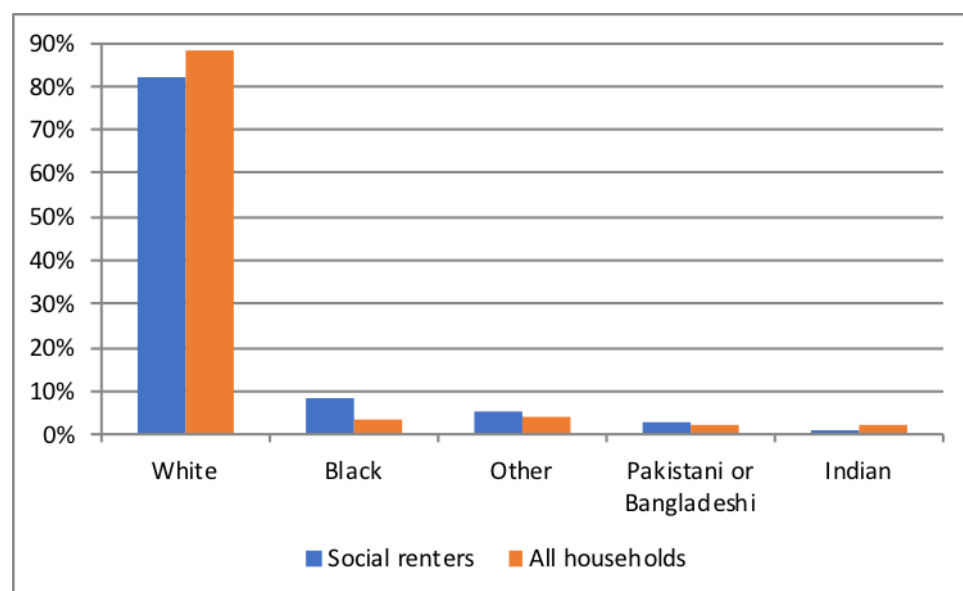
In 2016-17, White people made up 82% of all householders in social renting, compared to 88% in for all households (Figure 12). There was a higher percentage of householders of minority ethnicity in the tenure (18%) than in the population of England as a whole (12%). This is likely to be partly because

<sup>268</sup> DCLG 2017b



of the concentration of some minority ethnic groups both in large cities and low-income groups.

**Figure 12: Ethnicity of social housing householders compared to householders in all households, 2016-17**



Source: MHCLG 2018

In 2016-17, the most numerically significant minority group in social housing was people of Black ethnicity, at 8% of the total for the tenure, followed by 'Other' groups (including 'Mixed') and those of Pakistani or Bangladeshi ethnicity. People of White and Indian ethnicity were underrepresented in social housing compared to their numbers in the population. Thus social housing is of importance to ethnic equality.

The latest available data, for 2015-16, show that the vast majority of residents of social housing were of UK or Irish nationality, at 92%, exactly the same as for the population of England as a whole.<sup>269</sup>

## Health and disability status

The latest available data, for 2015-16, show that in 17% of social renting households, the householders or partner (or both) were registered disabled, compared to 8% in all households. Nearly one half (49%) of all residents in social housing had a long-term illness or disability compared to 31% of the population as a whole.<sup>270</sup>

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<sup>269</sup> DCLG 2017b

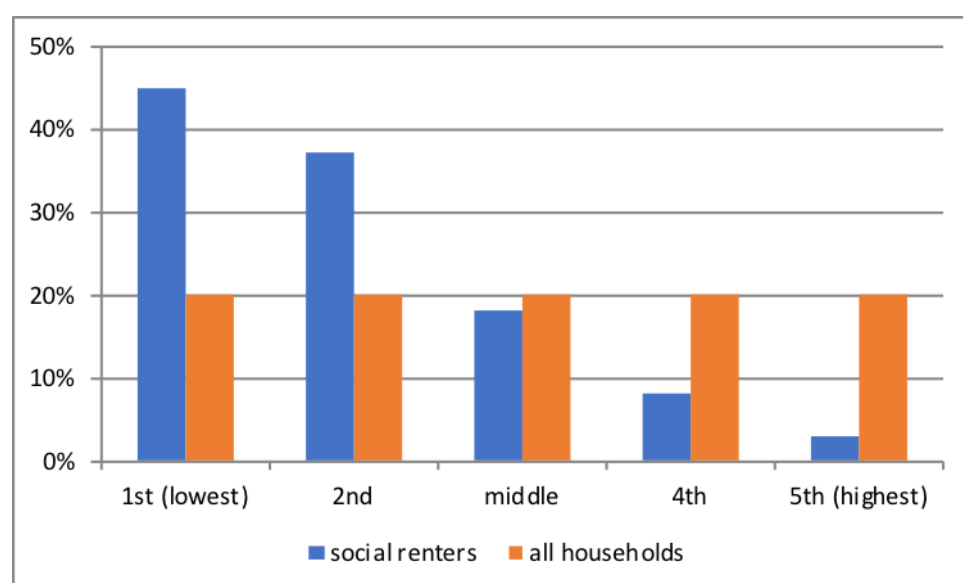
<sup>270</sup> DCLG 2017a

Fewer owner-occupier households than social renters were registered disabled (6%) or had a long-term illness or disability (29%). The proportions were lowest in private renting (4% and 29%), which is likely to be partly because it has a younger population than either social housing or owner occupation. Thus social housing is of importance to disability equality.

## The income of social renters

In 2016-17, social housing tenant householders were concentrated in the lowest income parts of the population (Figure 13).

**Figure 13: The gross income of social renter households by quintile, compared to all households, 2016-17**



Source: English Housing Survey 2016-17

Households in England can be divided up into five equal income groups or 'quintiles'. Forty-five per cent of social renting households were in the first income quintile, with the lowest incomes, and 72% of households were in the lowest two quintiles. Although there is no general bar on people on high incomes entering or staying in the tenure, social housing in England is in effect particularly targeted on people with low incomes.

Residents of social housing have low incomes relative to those in other tenures. In 2015-16, the average weekly gross household income for social tenants in England was £394. This compared to the English average of £780. It compares to £673 for private renters, £735 for outright owners, and £1,136 for owners with a mortgage.<sup>271</sup> Social rented tenants have lower incomes

<sup>271</sup> DCLG 2017d

relative to the average in England than they do in many other countries.<sup>272</sup> These figures do not take account of household size or housing costs. Housing association renters had slightly higher average incomes than council tenants.

Car ownership is an aspect of household wealth and a broad indicator of income. In 2014/15, the rate of car ownership for social housing residents (47% of households) was significantly lower than for households nationwide (78%).<sup>273</sup>

A large minority of social housing residents had incomes below 60% of the national median, when adjusted for household size. This is the most widely used definition of poverty. In 2015/16, 28% of people living in social rented housing in the UK were in living in poverty before housing costs (BHC) were taken into account. Income BHC includes any housing benefit, received by 59% of social renting households.<sup>274</sup> This increases the apparent BHC income for some social rented tenants and partly explains the gap between income BHC and AHC (after housing costs). Overall, 44% of people living in social renting were in poverty AHC<sup>275</sup> with 30% in 'severe poverty', with an income less than 50% of the median (AHC).

Changes in tenants' income due to welfare reform have recently provided evidence on the impact of small changes in income on the welfare of people on low income. For example, even apparently small cuts in disposable income such as cuts in housing benefit of £10-20 a week, through the removal of the spare room subsidy can have big effects on some residents' standard of living, health and relationships.<sup>276</sup>

Social housing does not prevent poverty, or even extreme poverty. However, its sub-market housing costs mean that poverty amongst social tenants is less prevalent and less severe than it would be otherwise. Similarly, if the current population of social housing residents were to be housed in the higher rent accommodation; their poverty rates (AHC) severity would be higher.

## Socio-economic class

Another very distinctive characteristic of social housing residents is the high proportion of householders who were in 'routine or semi-routine' occupations (or whose last job was in these occupations, if they were unemployed, retired or otherwise not working). More than half (55%) of householders in social housing in 2015-16 were in 'routine or semi routine' occupations, compared to just a quarter in the population as a whole (Figure 15). Social housing is providing housing for the 'working classes'. This was its mandate until 1949; after that date, post-war governments had hoped it might become more classless.<sup>277</sup>

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<sup>272</sup> Salvi del Pero *et al.* 2017

<sup>273</sup> Wilcox *et al.* 2017

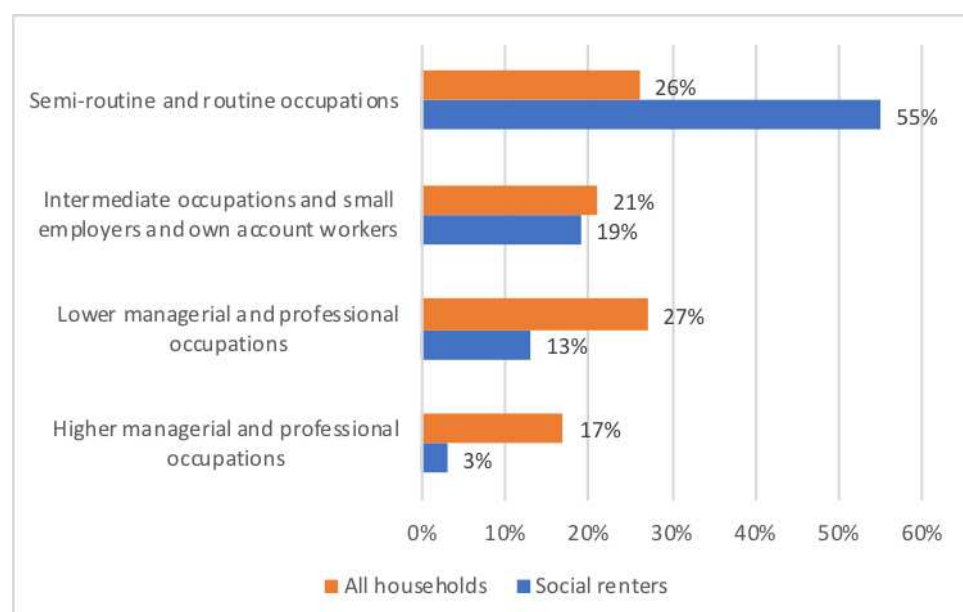
<sup>274</sup> MHCLG 2018a

<sup>275</sup> DWP Livetables Table 3.6db Last accessed April 2018

<sup>276</sup> Clarke *et al.* 2015, Moffatt *et al.* 2015

<sup>277</sup> Boughton 2018

**Figure 14: Occupational group of social renter householder compared to all householders, 2015-16**

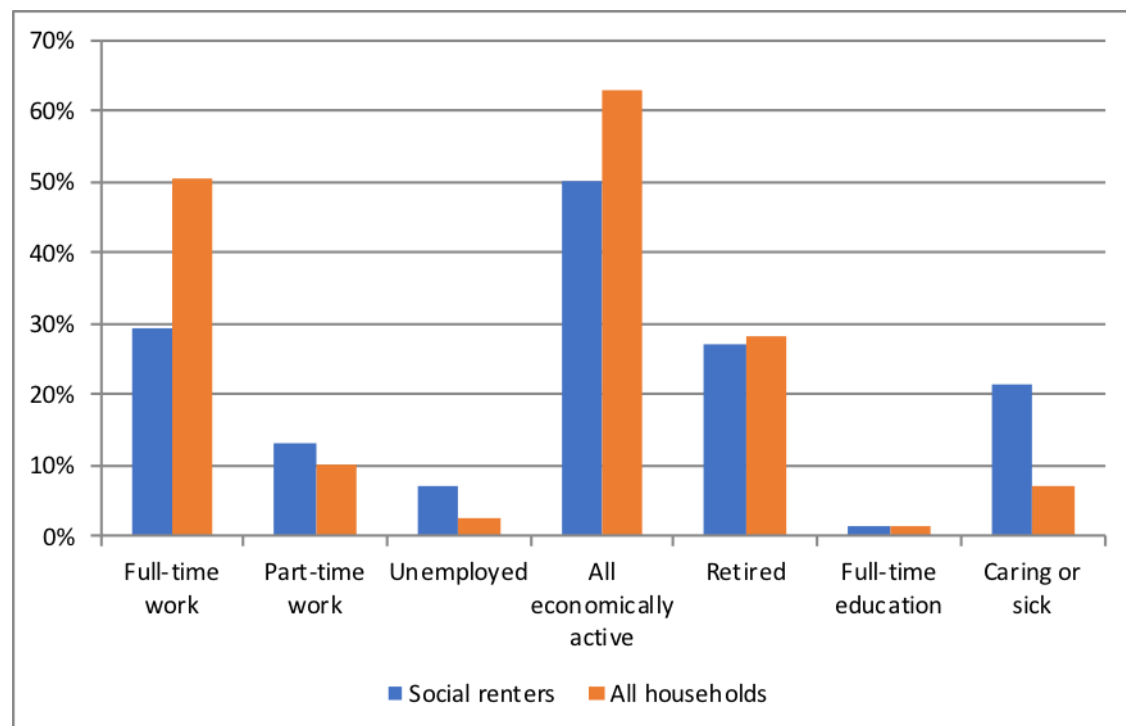


Source: English Housing Survey 2015-16.

The proportion of social housing residents in ‘intermediate occupations’ and their equivalents were similar to that in the population as a whole. However, another very distinctive feature of social housing residents is that very few householders came from the top two occupational categories (3% and 13% respectively).

In 2016-17, 43% of householders in social renting were in employment, which was markedly different for the figure for the population of England as a whole, which was 60% (Figure 16). Seven per cent of social renting householders were unemployed (that is, not working but actively seeking work), compared to 3% in the population as a whole.

**Figure 15: Employment status of social renting householders compared to all householders, 2016-17**



Source: English Housing Survey 2016-17

Most of the difference on employment rates was accounted for by the smaller proportion of social renting householders in compared to the national average who were economically active, 50% compared to 63% for all households. Social renter householders who were economically inactive (not working or looking for work) were no more likely than average to be retired or in full-time education. The differences was explained by the social renting householders who were out of the labour market because they were caring for others or sick or disabled (21% compared to 7%). It should be noted that in 2015-16, 49% of all residents in social housing had a limiting illness or disability, compared to 31% of the population as a whole. In addition, 17% of households were headed by a lone parent with sole responsibility for dependent children<sup>278</sup>, and other households may have had other caring responsibilities. The proportion of retired people in social housing is similar to that for all households.

Millions of people living in social housing are employed. The original role of social housing, to provide adequate and affordable homes for working families and individuals has remained, albeit that social housing has become increasingly focused on meeting acute housing need since the 1980s. Labour Force Survey statistics from 2013 reported that 47% of working age adults in

<sup>278</sup> DCLG 2017b

social housing in England were employed, compared to 71% for private renting and 79% for owner occupation.<sup>279</sup>

## Social renter employment and income since the 2000s

Social housing has become strongly associated with worklessness. In 2007, Hills noted, “*one of the most pronounced trends of the 1980s and 1990s was the growing concentration of social tenants amongst the lowest income groups*”.<sup>280</sup> Researchers have been exploring whether that social housing tenure might directly or indirectly contribute to worklessness. For example, there has been research into whether living in a deprived area makes unemployment, poor health and poor life chances more likely<sup>281</sup>, and also into whether social housing creates a ‘culture’ in which unemployment becomes more likely.<sup>282</sup>

However, more recent evidence shows that Hills was writing just when the population mix in different tenures was making a U-turn. The so-called ‘residualisation’ of social housing came to an end in the 2000s, and went into reverse.<sup>283</sup>

The turning point for low-income households was as long ago as the early 1990s. Pearce and Vine found that the proportion of social renting household members in the poorest fifth of the population peaked in 1991 at just over half, and then remained steady 1991-2010 (according to household income before housing costs and equivalised for household size). The proportion of homeowners in the poorest fifth was much lower, at about 10%, but grew slightly over the 1990s and 2000s, meaning a slight reduction in the gap between the two tenures.<sup>284</sup> A later review by Hills (in 2010) spotted a levelling off for social renters’ median net individual incomes when compared to the average over the 2000s.<sup>285</sup> Using a slightly different measure, social tenants’ average incomes actually crept up relative to the incomes of owner-occupiers during the 2000s and 2010s. Between 2000/01 and 2008/09, the proportion of UK social renters on poverty incomes fell from 54% to 46%, reflecting a narrowing of the gap between tenures despite a slight increase in poverty rates overall.<sup>286</sup> The proportion of owners in poverty did not change, so again the gap between the tenures reduced (Figure 17).

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<sup>279</sup> Cited in Wilson *et al.* 2015

<sup>280</sup> Hills 2007

<sup>281</sup> Atkinson and Kintrea 2002

<sup>282</sup> Fletcher *et al.* 2008

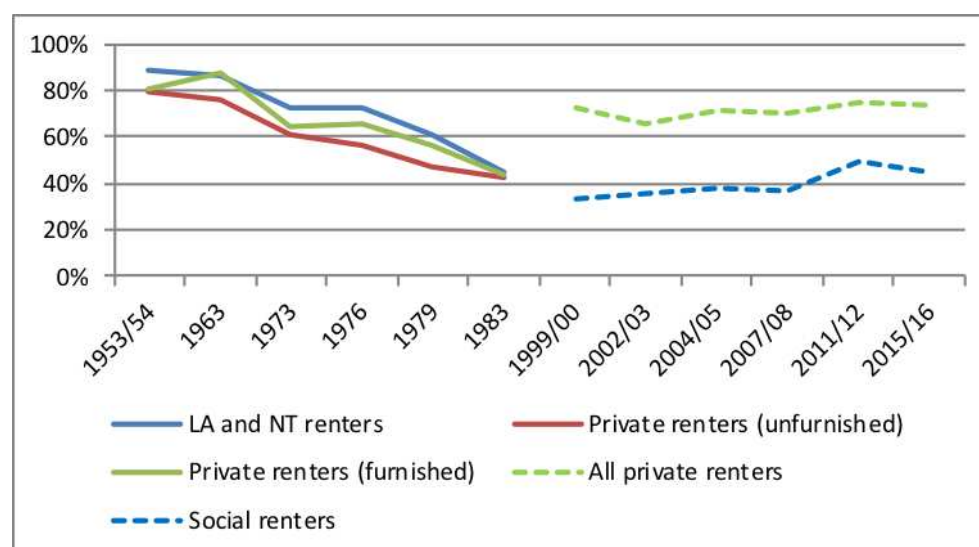
<sup>283</sup> Tunstall 2018

<sup>284</sup> Pearce and Vine 2014

<sup>285</sup> Hills *et al.* 2010

<sup>286</sup> Hills *et al.* 2010

**Figure 16: Median income of renting households as a percentage of median income of owners (gross income before housing costs, not taking account of household size), 1953/54-2015/16**

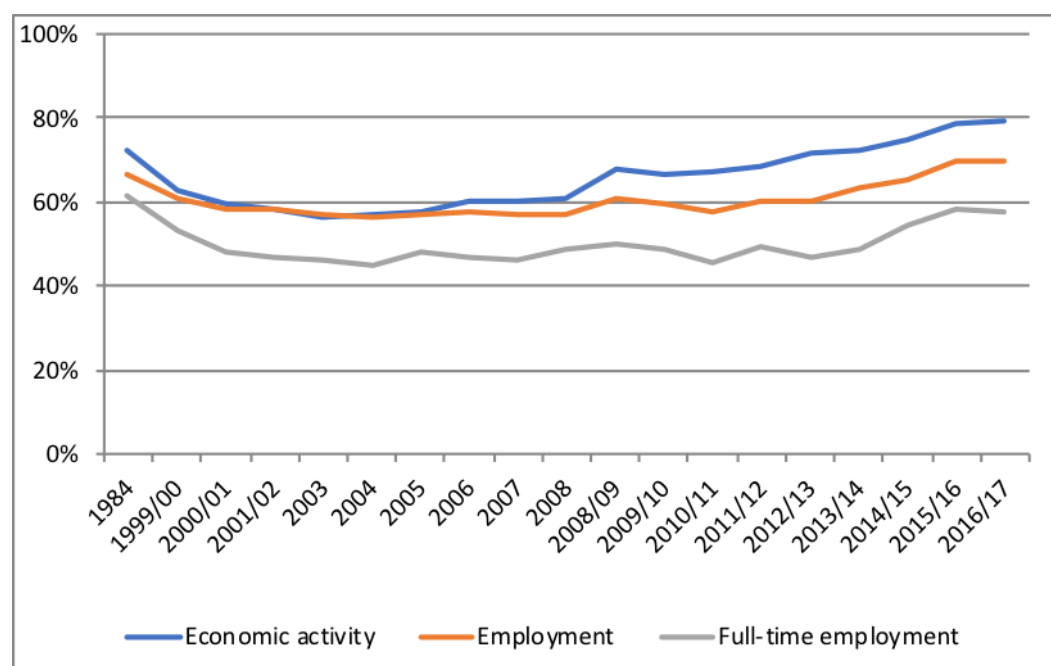


Sources: Bentham 1986<sup>287</sup>; Authors' calculations from Table S114 English Housing Survey 1999/00-2015-16

In the early 2000s, social housing tenants' economic activity and employment rates stabilised, and then started to converge with the average (Figure 17).

<sup>287</sup> Bentham 1986

**Figure 17: Economic status rates for householders in social housing relative to householders overall, 1984-2016/17**



Source: Bentham 1986<sup>288</sup>; Authors' calculations from Table S114 English Housing Survey 1999/00-2015-16

In 2016-17, social tenants' economic activity and employment rates were higher than at any time in the past four decades, since the start of the Right to Buy. The UK Housing Review commented, *"this [evidence] should go some way towards combatting unwanted (and unwarranted) negative stereotypes of social sector tenants"*.<sup>289</sup>

<sup>288</sup> Bentham 1986

<sup>289</sup> Stephens *et al.* 2018:50





# Chapter 9 What social housing offers its residents

## Summary

### *Housing age, quality and safety*

- *Social rented homes were more likely than owned homes to meet the Decent Homes standard and the Housing Health and Safety Rating System, to have central heating and the best energy efficiency. The majority of homes were houses, most people's preferred home type, not flats, and only 5% of social rented tenants lived in high-rise homes.*
- *However, social housing offered less space and higher occupancy rates, more flats, and more risk of damp than both the other tenures. We are aware that, at the time of writing, some social renters and some other residents are living in homes with cladding similar to that used at Grenfell Tower.*

### *Security*

- *Social housing tenancies have provided tenants with significantly greater legal security of tenure than private tenancies and for some households at risk of financial problems may provide more legal and practical security than ownership.*
- *When social renters were asked what advantages their tenure had over private renting, the most common answer is security.*
- *Seventy-five per cent of social renters expected to use this security and stay in the tenure in the 'long term', compared to 97% of owners, and 31% of private renters.*
- *The overall rate of repossessions is similar in social renting and private rented sector. However, in private renting high proportions are so-called 'no fault' evictions, not available to social landlords. The recent rate of repossessions in home ownership is lower than in the rented tenants, although it was similar immediately after the 2008 financial crisis.*

### *Cost and affordability*

- *Social renting is the cheapest of all the tenures, with a mean weekly rent of £95 for council tenants and £106 for housing association renters in 2015-16, compared to £184 a week for private renters and £159 for the average mortgage payment.*
- *In the 2000s government required social landlords to increase rents annually by inflation plus 1%. From 2015, landlords were required to reduce rents by 1% a year in absolute terms.*

- *Generally, social rents are about 50-60% of the market rate, but they are closer to market rents in some areas, notably the North East*
- *In 2015-16, social renters spent an average of 28% of their income on rent, compared to 18% for those buying their home with a mortgage, and 35% for private renters.*
- *Forty-four per cent of people living in social renting were in poverty after housing costs had been taken into account, despite their low rents.<sup>290</sup> Thirty per cent were in 'severe poverty', with an income less than half of the median, after housing costs had been taken into account.*
- *However, poverty amongst social tenants is less widespread and less severe than it would be if the current population were to be housed in private renting.*

### ***Housing management services***

- *Housing management involves letting homes, carrying out repairs and improvements to homes and estates, collecting rents, ensuring residents comply with their tenancy agreements, and providing some social support.*
- *Available evidence shows that social housing management has been affected by changes in ownership and management, the growing size and dispersal of individual landlord's stocks, and changes in housing policy and welfare reforms. Social landlords have made use of new means of working and communication with tenants, including specialisation, mobile working, the analysis of big data, call centres, text messaging, and social media.*
- *However, since the mid-2000s, there has been a hiatus in published evidence on housing management organisation and performance. It is difficult to obtain recent data on performance and resident satisfaction that covers all social landlords, and would enable generalisation and comparison of performance.*
- *Thirty-seven per cent of social housing tenants said that the fact the landlord has responsibility for repairs was an advantage of the tenure. However, repairs appear to be one of the less satisfactory aspects of social housing, even though that social housing is generally in good condition.*
- *Opportunities for tenants to get information, be consulted and participate in decisions that affect them have been encouraged by government since the 1970s. However, there is little recent evidence on the prevalence and effectiveness of tenant participation structures and methods. Pressure on landlords to provide these opportunities may have decreased, with fewer landlords needing to win tenant ballots, tighter budgets, and changes to regulation. Lines of accountability may have become more complicated with stock transfer, mergers and the use of contractors.*

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<sup>290</sup> DWP Livetables Table 3.6db Last accessed April 2018

### ***'Housing plus' and community investment***

- *Social landlords provide additional services to residents and their neighbourhoods beyond housing management, from youth activities to health and training and regeneration.*

### ***Regulation***

- *Social housing has always been much more heavily regulated than other tenures, in exchange for public subsidy, and due to its social role.*
- *Social housing regulation has been altered several times over the past decade, mainly with the effect of reducing constraints on social landlords.*
- *In 2012, the regulatory body (then the Homes and Communities Agency) ceased most proactive monitoring of fire safety, governance systems, housing quality, repairs, neighbourhood quality, tenancies, and tenant involvement.*
- *Homes England and a new Social Housing Regulator replaced the functions of the Homes and Communities Agency in 2018. The regulator assesses housing associations against business standards, and it assesses local authorities against consumer standards.*
- *Tenants with problems can complain to their landlord. To take things further, they can go to the Social Housing Regulator for 'systemic' issues, and to the Housing Ombudsman for 'local' issues. There does not appear to be data available to assess the effectiveness of the complaints system.*

### ***Right to Buy***

- *Unlike private renting, social housing gives its tenants a Right to Buy. Discounts under the Right to Buy are larger than many or most available under other ownership schemes and have provided 1.9m households with a route into home ownership.*

### ***Neighbourhood quality***

- *Social housing tends to be located in more urban and more deprived neighbourhoods than home ownership. However, this pattern was more marked for private renting, and 64% of social housing was in suburban areas, very similar to the other tenures.*

### ***Social status and attitudes of others***

- *Although social housing is of good quality and has some advantages over other tenures, and problems in 'difficult to let'; estates have generally been addressed, social housing in general and some individual estates continue to have flawed reputations. This can be a burden to their residents. The continuing relative deprivation of many (but not all) social housing neighbourhoods and residents may play a role in this, but media and policymaker attitudes may also be important.*

## Introduction

This section builds on available evidence on preferences to explore the value of social housing through what it offers to its residents, in comparison to other tenures.

## Housing age, quality and safety

### Age

Social rented homes in England are slightly younger on average than the housing stock overall. However, they are mostly not new, and include large numbers of homes built in the periods where design and construction proved most problematic. In 2015, the median social rented home was built after 1965 and was at least fifty years old. The median home in all tenures was built after 1945, and was at least seventy years old.<sup>291</sup>

In 2015, 8% of all social rented sector homes were twelve years old or less, the same as the average for all homes.<sup>292</sup> The social rented sector also differed little from the average in the proportions of other ‘younger’ homes, built in the 1980s and 1990s. Not surprisingly, given the history of development in the tenure, the social rented sector has higher proportions of homes built in the post war period than the average for all homes. Fifty-seven per cent of social rented homes existing in 2015 were built 1945-1980, compared to 39% of homes in all tenures. This generation of social rented homes contains most of those with design and construction that proved problematic over time.

Slightly fewer social rented homes than average had been built in the interwar period, with 12% of those existing in 2015 built 1919-1944 compared to 16% for all tenures. Again not surprisingly, Victorian homes were unrepresented in the social housing stock, but nonetheless 6% of social rented homes existing in 2015 had been built in 1919 or before, compared to 21% of homes overall. These ‘street properties’, mostly originally built for other purposes than social housing, can be amongst the most popular social rented homes.<sup>293</sup>

### Quality

Surveys and the census monitored the availability of hot water, kitchens, toilets and bathrooms for most of the twentieth century, but eventually they could be found in nearly every home. From 1999, the government’s Decent Homes programme set a new housing quality standard. A ‘decent’ home was a home meeting a statutory minimum standard, in reasonable repair, with modern facilities, and providing thermal comfort.<sup>294</sup> Additional funding

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<sup>291</sup> DCLG 2017a

<sup>292</sup> DCLG 2017a

<sup>293</sup> Boughton 2018

<sup>294</sup> The definitions was slightly altered in 2001 and 2006

(available to ALMOs conditional on meeting performance standards) aimed to ensure all social housing reached the standard by 2010.

When the programme was established, there was a *“large backlog of repairs”* needed in social rented homes, and in 2001 61% met the Decent Homes standard.<sup>295</sup> However, by 2016, 86% of social housing in England met the standard. This was the net result of improvements under the Decent Homes programme 2000-2010, and of continued improvements after 2010 (despite additional homes falling below the standard each year as they aged). On this measure, social renting was ahead of home ownership. Eighty-one per cent of owner occupied homes and 71% of private rented homes met the Decent Homes standard.<sup>296</sup> In 2016, social rented homes made up 11% of all non-decent homes in England, while private rented homes made up 28% and owner occupied homes 61% of the total.<sup>297</sup>

However, available measures set a relatively low standard, and do not capture all the dimensions of modern attractive homes. Some tenants’ representatives argued that the Decent Homes standard was too low. A home can meet the standard with kitchen and bathroom fittings nearly twenty and thirty years old respectively. Private homeowners would usually aim to replace these fittings much sooner.

On other comparisons, social rented homes performed well too. Considering the cost of repairs needed according to English Housing Survey surveyors, housing association homes needed repairs costing £11/m<sup>2</sup> (£11 per square metre), compared to £13/m<sup>2</sup> for local authority homes, £14m<sup>2</sup> for owner occupied ones and £24/m<sup>2</sup> for private rented housing.<sup>298</sup>

In 2015-16, 97% of social tenants in Great Britain had central heating, compared to 96% of owners and 92% of private renters.<sup>299</sup> Overall, 48% of social rented homes in England had the top energy efficiency rating of A-C, compared to much lower figures for the other tenures: 24% in home ownership and 26% in private renting. Social housing has the highest standard assessment procedure (SAP) rating<sup>300</sup>, and was the tenure most likely to have cavity wall insulation.<sup>301</sup> Over the 2000s and 2010s, social housing has played its traditional role as an area for technical experimentation in housing, presenting a *“unique opportunity for renewable energy installations, through potential scale of implementation sites, and in reducing social and financial costs to tenants”*.<sup>302</sup>

However, despite good performance against the Decent Homes standard, in 2016 social rented homes were more likely to have damp than owner occupied homes, although in both cases the problems affected only small proportions of homes. Six per cent of local authority homes and 4% of housing

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<sup>295</sup> NAO 2010

<sup>296</sup> DCLG 2017b

<sup>297</sup> MHCLG 2018a

<sup>298</sup> DCLG 2017a

<sup>299</sup> Wilcox *et al.* 2017

<sup>300</sup> DCLG 2017b

<sup>301</sup> DCLG 2017g

<sup>302</sup> McCabe *et al.* 2018

association homes had some kind of damp problems, compared to 3% for owner occupation and 8% for private rented housing.<sup>303</sup> Analysis of the British Household Panel Survey suggested that damp affected life satisfaction, and the change in satisfaction was equivalent to that which could be caused on average by a £1,100 increase in income.<sup>304</sup>

## Building type

The built form of a home is arguably a measure of quality, and certainly a measure of desirability. Houses are usually seen as more desirable than flats, and usually attract higher prices (and higher social rents) than flats of the same size. However, it should be noted that living in terraced housing is associated with higher life satisfaction than semi-detached houses or flats, after controls for people's individual characteristics.<sup>305</sup>

The 1.9m council homes sold under the Right to Buy were mainly houses. Nonetheless, in 2012/13-2013/14, 57% of social renting households lived in houses rather than flats. Most of these houses had private gardens, and thus provided homes where 'roses can grow' (the criterion for a good home set out by the early twentieth century housing reformer George Cadbury which was quoted in 2017 by Sajid Javid).<sup>306</sup>

Tower blocks, like Grenfell Tower, have always been a small part of all social housing. At the peak, they accounted for fewer than one in five homes being built. Some have been demolished.<sup>307</sup> In 2015-16, 5% of social rented tenants lived in high-rise homes, defined as homes on the fifth storey or above, compared to 2% of households in all tenures.

Thus 95% of social rented tenants were not in high-rise flats, but in houses (57%), or low rise flats (38%). However, this contrasted with homeowners, of whom 90% lived in houses rather than flats, with very few high-rise dwellers.<sup>308</sup> In 2015-16, social renters made up just over half of all flat-dwellers in England.

## Safety

In 2006, the Decent Homes standard was updated to incorporate the Housing Health and Safety Rating System (HHSRS)<sup>309</sup>, with a focus on dangers and health risks, ranging from fire to accidents and long-term impacts on physical and mental health. The underlying principle of the HHSRS is that homes "*should provide a safe and healthy environment for any potential occupier or visitor*".<sup>310</sup>

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<sup>303</sup> DCLG 2017a

<sup>304</sup> Fujiwara 2013

<sup>305</sup> DCLG 2016

<sup>306</sup> Javid 2017

<sup>307</sup> Glendenning and Muthesias 1994

<sup>308</sup> DCLG 2017b

<sup>309</sup> ODPM 2006

<sup>310</sup> ODPM 2006:8

In 2015, 94% of social rented homes did not have any Category I (serious) health and safety hazards, while 6% did have serious hazards. Social housing is the tenure least likely to have dangers, according to the HHSRS measure. Thirteen per cent of owner occupied homes and 17% of private rented homes had serious hazards.<sup>311</sup> Social rented homes were also the most likely to have a smoke alarm of all tenures.<sup>312</sup>

However, we are aware that, at the time of writing, some social renters and some other residents are living in homes with cladding similar to that used at Grenfell Tower.

## Investment

After the Decent Homes programme, government provided £1.8bn funding for 45 local authorities to allow them to complete remaining work.<sup>313</sup> However, each year more homes fall below the Decent Homes standard, as elements age, and other investment work to maintain decent standards or to create improvements must be funded by individual social landlords. This includes alterations which need to be made due to safety problems identified after the Grenfell Tower fire.

In 2012, changes were made to how council housing was funded (through the Housing Revenue Account). English councils were required to refinance their housing, in a one-off settlement involving write-offs for some authorities, after which central government ceased involvement. This ended the previous longstanding and central role of national government in providing money for council housing building and improvement, and funding historic housing debt. It was of net benefit to most local authority housing departments.<sup>314</sup> However, it meant that the finance of council housing improvement was henceforth a local authority responsibility.

Improvements to social housing have been shown to improve mental health, at least in the short-term.<sup>315</sup> Living in a home which needs repair has a small depressive effect on life satisfaction.<sup>316</sup>

## Security of tenure

Security of tenure has a legal meaning and a psychological component. Greater security means residents have more choice about how long they stay in their home, and if and when they move.

## Tenancies

Legal security of tenure for local authority tenants was introduced in the Housing Act 1980 under Margaret Thatcher, and in practice, this has meant that tenants who do not breach their tenancy have had lifetime security. A

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<sup>311</sup> DCLG 2017b

<sup>312</sup> DCLG 2017b

<sup>313</sup> \*If possible, MHCLG to suggest the source - I can't track it down

<sup>314</sup> Wilcox *et al.* 2015

<sup>315</sup> Sowden and White 2014

<sup>316</sup> DCLG 2016



similar protection was extended to housing association tenants in 1988. Social housing tenancies have provided tenants with significantly greater legal security of tenure than private tenancies and for some households at risk of financial problems may provide more legal and practical security than ownership.

Once they have passed any initial 'probationary' or 'introductory' period, social tenants can usually only be evicted for rent arrears or a breach of tenancy, such as anti-social behaviour, during their tenancy. People who do not keep up mortgage payments may have their home repossessed. Private tenants on the most common type of tenancy (Assured Shorthold) can be evicted without the landlord having to give a reason ('no fault' eviction).<sup>317</sup>

There are differences between typical 'secure' local authority and housing association tenancies, and perceptions of these differences played a part in some tenants' opposition to stock transfer to housing associations.<sup>318</sup>

Landlords can rewrite the detail of tenancy agreements on landlord and tenant responsibilities, and in any one social housing organisation, different tenancies may have been used at different times, or for different groups of tenants, if there has been a transfer or merger.

## Choice about when to move in practice

In practice, security depends partly on landlord policy on tenancies, resident behaviour and on landlord (or mortgagor) - enforcement. Over the 2000s and 2010s, rates of eviction have been falling in the social rented sector while rising in the private rented sector.<sup>319</sup> The rate of repossessions was higher in social renting than in the private rented sector, but is now similar, at 4.7 tenants evicted per thousand tenants per year.<sup>320</sup>

There has been a very sharp increase in 'no fault' evictions from the private rented sector<sup>321</sup>, and about a quarter of moves from private rented homes are "*forced in some way*".<sup>322</sup> By comparison, in 2015, 7,000 home-owning households had their homes repossessed, affecting less than one per thousand. However, in 2008 the figure had been 66,000, or about five owner-occupiers per thousand<sup>323</sup>, similar to the rate in social housing.

In 2010, when asked to identify disadvantages of social housing compared to private renting, lack of choice over where to live was mentioned by 12% of social tenants, and difficulty of moving to a different type of home when needed was mentioned by 8%.<sup>324</sup> However, in 2015-16 15%, of social housing

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<sup>317</sup> Clarke *et al.* 2017

<sup>318</sup> Pawson *et al.* 2009

<sup>319</sup> Clarke *et al.* 2017

<sup>320</sup> Clarke *et al.* 2017

<sup>321</sup> Stephens *et al.* 2018

<sup>322</sup> Clarke *et al.* 2017

<sup>323</sup> Author's calculations from Wilcox *et al.* 2017

<sup>324</sup> Bramley 2010

renting households had moved home in the previous two years, a very similar rate to that for all households (17%).<sup>325</sup>

In 2010, when social renting tenants were asked what advantages their tenure had over private renting, the most common answer was security (24%).<sup>326</sup> A 2017 study of people on low incomes found that a secure tenancy in social housing offered those who had it stability and security at key times of change in their lives, and it found that private sector tenancies “*created on-going uncertainty and anxiety for some of the participants, even when people had been in the same property for a number of years*”.<sup>327</sup> Relatively little research has looked at the psychological value of housing security. However, one study has found that greater security of tenure is associated with greater wellbeing.<sup>328</sup> Analysis of the English Housing Survey has also found a link between problems meeting housing costs, which may be linked to worries about losing the home, and worse well-being.<sup>329</sup>

Large proportions of social renters plan to and do use their security to stay in their homes long-term. In 2015-16, 75% of social renters expected to stay in the tenure in the ‘long term’, in contrast to 31% of private renters, and 97% of owners.<sup>330</sup> These expectations were reflected in actual behaviour. In 2016-17, the mean (average) household in social renting had lived in their home for eleven years<sup>331</sup>, and large proportions had lived in the tenure for longer. The average owner-occupier had lived in their home for eighteen years, and the average private renter had been in their home for four years.<sup>332</sup> One possible caveat to these findings was the evidence that social rented tenants would often find it difficult to afford to move tenure, particularly to owner occupation.

‘Probationary’ tenancies and fixed term tenancies have in effect reduced the security social housing provides, at least for new or recent tenants. In 2012/13, 9% of new lettings were fixed-term tenancies.<sup>333</sup> In 2016/17, 23% of new housing association tenancies and 8% of new local authority tenancies were ‘flexible’.<sup>334</sup> When it is implemented, the Housing and Planning Act 2016 will stop local authorities from offering new secure tenancies in most cases, recommending fixed terms of two to ten years instead.<sup>335</sup> Existing lifetime tenancies will remain, but will gradually dwindle by some percentage of the total per year as tenants move or die.

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<sup>325</sup> DCLG 2017b

<sup>326</sup> Bramley 2010

<sup>327</sup> Croucher *et al.* 2017:26

<sup>328</sup> Robinson and Walshaw 2014

<sup>329</sup> DCLG 2016

<sup>330</sup> DCLG 2017c

<sup>331</sup> MHCLG 2018a

<sup>332</sup> MHCLG 2018a

<sup>333</sup> Chartered Institute of Housing 2014

<sup>334</sup> Stephens *et al.* 2018

<sup>335</sup> Parkin and Wilson 2016a, Stephens *et al.* 2018

## Affordability

### Rents

Social renting is the cheapest of all the tenures<sup>336</sup>, with an average (median) weekly rent of £90 for council tenants and £100 for housing association renters in 2016-17, compared to £156 a week for private renters<sup>337</sup>, and £159 for the average mortgage payment in 2015-16.<sup>338</sup> For any one landlord, rents vary between homes of different sizes and types. Rents for the same size and type of home also vary between landlords, and, in the case of larger housing associations, may vary between areas or group members. Across England, social housing rents were on average 56% of market rents in 2015/16. The difference of 44% between the two rented tenures was partly accounted for by difference in the quality of homes and neighbourhoods. The difference due to subsidy was on average 29%<sup>339</sup>. The relative cost of social renting varied between regions. In the North East, for example, social rents were 67% of market rents, or 82% due to subsidy alone (if homes were compared like for like). In London, social rents were just 46% of market rates, or 64% due to subsidy alone<sup>340</sup>.

It should be noted that social renters may have some other housing costs. A 2017 study of people low incomes found that while social renting did not have the up-front costs of deposits and rent in advance usual in the private rented sectors, residents often had to redecorate which many found hard to afford.<sup>341</sup>

### Making work pay

Sub-market rents help to 'make work pay' for some social tenants in low-paid work. There is no data available on how many households are in this group, although it could be created through analysis of existing data.<sup>342</sup> Research in 2009 by CLG found that 69% of all people agreed that low rents were important to make work worthwhile for low earners.<sup>343</sup> Qualitative research has found that social housing tenants recognised the work-related benefits of having a low rent.<sup>344</sup> Research in London, where private housing costs are high, has shown that affordable social housing can make lower paid work 'pay'.<sup>345</sup> There was also some evidence that security of tenure and lower rents made people more willing to take risks, such as pursue further education or training, as they could be confident that their housing was not at risk.<sup>346</sup> These

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<sup>336</sup> DCLG 2017d

<sup>337</sup> MHCLG 2018a

<sup>338</sup> MHCLG 2018a

<sup>339</sup> Adam *et al.* 2015

<sup>340</sup> Adam *et al.* 2015

<sup>341</sup> Croucher *et al.* 2018

<sup>342</sup> Tunstall *et al.* 2013

<sup>343</sup> CLG 2009a referred to in Wallace 2010

<sup>344</sup> Fletcher *et al.* 2008, Tunstall *et al.* 2016

<sup>345</sup> Rugg and Kellaheer 2016

<sup>346</sup> Rugg and Kellaheer 2016

studies have reported that social rented tenants showed a strong preference to work, rather than claim benefits.

When asked in 2009 whether low rents helped them take up work or training, 27% of social tenants agreed while 34% disagreed. However, this evidence may be out of date, and employment rates for social tenant householders have been rising since the 1990s (Figure 18). Despite low rents, many tenants have other barriers to making work pay, such as ill health or childcare costs.<sup>347</sup> For those not in work, sub-market rents reduced one of the barriers to starting a job.

Low rents for social tenants and the availability of housing benefit (or the housing cost element of Universal Credit) for all low-income tenants mean that loss of work or drops in income do not put their housing at risk. A 2017 study found that this was an important benefit for people on low incomes, including, for example, people who fell ill or became disabled or had to take on caring duties.<sup>348</sup>

## Rents and incomes

Affordability depends on the relationship between price and income, and social housing rents have not varied according to individual resident income, although this does happen in other countries, and the 2015 summer budget proposed a 'pay to stay' rent policy, which has not yet been implemented.<sup>349</sup>

Housing affordability has often been defined as housing costs that are no more than at 30% or 33% of income. In 2015, social housing rents amounted to 14% of average earnings.

Despite their low rents, social renting households also have the lowest average incomes after housing costs of the tenure groups; because their incomes tend to be lower (see above). Many face affordability problems, a considerable number are in poverty after housing costs, and many may have problems finding work that can be worthwhile. In 2015-16, social renters spent an average of 28% of their income on rent.<sup>350</sup> If you use the 30% definition of housing affordability, social renting is close to unaffordable for the average tenant. Some groups had greater problems. Social housing residents over 65 paid an average of 32% of their income on rent, and social renting households with an unemployed householder spent on average 40% on their rent.<sup>351</sup> A 2017 study of people on low incomes found social renting and some residents mitigated costs by sharing with family members.<sup>352</sup>

These figures compare to an average of 18% on income spent on mortgage payments for those buying their home with a mortgage, and 35% of income on rent for private renters. Social housing is less 'unaffordable' for its residents than private rented housing is for its residents. Given their incomes are often

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<sup>347</sup> Referred to in Wallace 2010

<sup>348</sup> Croucher *et al.* 2018

<sup>349</sup> Wilson 2016

<sup>350</sup> DWP Live tables Table 3.6db Last accessed April 2018

<sup>351</sup> NAO 2017

<sup>352</sup> Croucher *et al.* 2018

considerably less than those of private tenants, if social housing residents were renting privately, they would often be significantly worse off. For example, social renters with children spend on average 25% of the householders and partner's income on rent, compared to 34% for private renters.<sup>353</sup>

In 2016-17, 25% of social renting tenants were in arrears or had been at some point in the past year, compared to 9% of private tenants.<sup>354</sup> By contrast, 95% of people with a mortgage reported they had 'no problems' keeping up the payments. The most common reasons for social renters' rent arrears were 'other debts or responsibilities' (26%), unemployment (21%), reduced income from employment, or reduction in or problems with housing benefit (or Universal Credit).<sup>355</sup> Analysis of the English Housing Survey has found that housing tenure, building type, condition, damp, warmth, and overcrowding - most of the traditional concerns of housing and planning policy - had less of an effect on life satisfaction than whether households were in arrears with housing payments.<sup>356</sup>

## Housing benefit and Universal Credit

Housing benefit is available to private and social renting tenants on low incomes to help them pay their rent. Since 2015, it has been replaced for a growing number of areas and claimant groups by the new Universal Credit, which includes a housing element.<sup>357</sup> In 2016-17, 59% of social renting households claimed housing benefit or the housing element of Universal Credit. Thirty per cent of households in which the householder was in work claimed housing benefit. Eighty-one per cent of those in which the householder was not working (including people who were unemployed, sick or disabled, retired or caring) claimed the benefit.<sup>358</sup>

Along with tenants' working status and incomes, the rules of housing benefit and the way it is administered contribute to how affordable social housing rents are in practice, and the extent to which low income work pays. The rules of housing benefit have changed across its lifetime, but there has been a particularly substantial group of reforms under the Welfare Reform Act 2012 and afterwards. The Welfare Reform Act 2012 introduced a benefit cap. In 2016, it was lowered.<sup>359</sup> This has particularly affected larger households with high housing costs, including some social housing tenants in London.<sup>360</sup> In addition, the removal of the spare room subsidy (widely known as the 'bedroom tax' and applying to social tenants of working age) mirrored the 'bedroom standard' that already applied to private rented tenants - not subsidising 'extra' bedrooms. Some households have moved to smaller

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<sup>353</sup> DCLG 2017d

<sup>354</sup> MHCLG 2018a

<sup>355</sup> DCLG 2017d

<sup>356</sup> DCLG 2016

<sup>357</sup> Wilson 2018

<sup>358</sup> Authors' calculations from MHCLG 2018a

<sup>359</sup> Stephens *et al.* 2018

<sup>360</sup> Stephens *et al.* 2018

homes, but many did not wish to or could not do so due to a shortage of smaller homes in most areas. The remainder have had their benefit reduced, although some of these have gone into work.<sup>361</sup>

## Universal Credit

Universal Credit has now reached some new claimants at all job centres in the UK<sup>362</sup>, and is intended to reach all claimants by 2022.<sup>363</sup> It provides a combined replacement for Housing Benefit, Jobseeker's Allowance, Employment Support Allowance and some tax credits. It was intended that the single benefit would be easier to understand and would mean that claimants were not subject to varied and multiple clawbacks as their incomes rose. The housing element is to be calculated in the same way as housing benefit. It will generally be paid to the tenant with the rest of Universal Credit, rather than direct to the landlord. Payment of the housing element to tenants rather than to landlords (previously the norm) was intended to make tenants take responsibility for budgeting, but surveys show that neither tenants nor landlords wanted this change, and pilot projects have found higher rent arrears.<sup>364</sup> An additional concern is that work incentives will reduce from some households.<sup>365</sup>

In further changes in 2016, all working age benefits were frozen until 2020/21. The absolute value of the cap on benefits (including housing benefit) was reduced to £20,000 (£23,000 in London). The amount of money all housing benefit claimants could earn before affecting their benefit was reduced, and the rate of clawback was increased.

To help manage the impact of these various changes, local authorities were given additional money in a discretionary fund to support residents facing short-term problems meeting housing costs (Discretionary Housing Payments, or DHPs). This budget rose from £60 million in 2012/13, to £180 million in 2013/14 and was £165 million in 2014/15. These new payments represented only a small fraction of the gross savings expected from the wider policy changes to benefits.

Overall, the changes will have the overall effect of making social housing less affordable to affected residents. Numerous reports have expressed concern about the impact of housing benefit changes and the introduction of universal credit on rent arrears, and the effects on residents and landlords.<sup>366</sup>

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<sup>361</sup> DWP 2012, Wilcox *et al.* 2014, Clarke *et al.* 2015

<sup>362</sup> Kennedy *et al.* 2017

<sup>363</sup> Wilson 2018

<sup>364</sup> Kennedy *et al.* 2017

<sup>365</sup> Stephens *et al.* 2018

<sup>366</sup> Clarke *et al.* 2015, Stephens *et al.* 2018

## Neighbourhood quality

Social housing tends to be located in more urban and more deprived neighbourhoods than home ownership, types of areas seen as less satisfactory by their residents. It has been argued that poor neighbourhood conditions can create 'neighbourhood effects' which lead to poor outcomes for residents on top of any effects of their own characteristics.<sup>367</sup> There is a growing body of evidence to support this hypothesis, although the relationships are complex and effects not large, and the salient neighbourhood features vary between outcomes such as education, work or income.<sup>368</sup> A 2017 study of people on low incomes found many examples of unattractive neighbourhoods making people's overall living situation worse, for example through the fear of crime and costs of crime.<sup>369</sup>

## City locations

In 2015-16, 28% of social housing was in city centres and other urban areas, compared to 14% of owner occupied homes and 35% of private renting. Sixty-four per cent of social housing was in suburban areas, very similar to the other tenures at 65% for home ownership and 62% for private renting. Only 9% of social housing was in a rural location, compared to 22% owner occupation and 13% of private renting.<sup>370</sup>

## Area deprivation

Twenty-six per cent of social rented homes were located in the most deprived tenth of neighbourhoods according to the DCLG's Index of Multiple Deprivation<sup>371</sup>, compared to 5% for owner occupation and 11% for private renting. This index measures resident income, employment, health and disability, education and skills, services, crime, and the living environment. Most social rented homes were not in these very deprived areas, but overall, 81% of social rented homes were located in areas that were more deprived than average. This compares to 39% of owner-occupiers and 59% of private renters.<sup>372</sup>

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<sup>367</sup> Atkinson and Kintrea 2002

<sup>368</sup> Galster 2010, Van Hamm *et al.* 2013

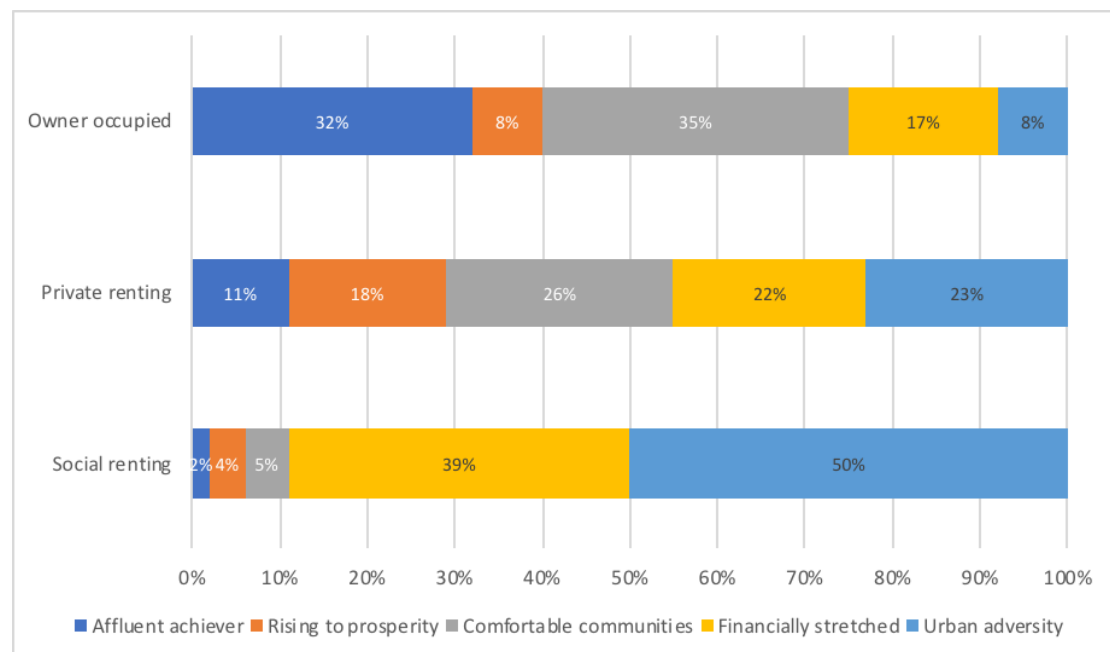
<sup>369</sup> Croucher *et al.* 2018

<sup>370</sup> DCLG 2017b

<sup>371</sup> The 'neighbourhoods' were LSOAs

<sup>372</sup> DCLG 2017b

**Figure 18: Social Housing, Private Renting and Owner Occupation by ACORN Neighbourhood Classifications**



Source: English Housing Survey 2015-16

In 2015-16, 50% of social renting households were in neighbourhoods categorised as ‘urban adversity’ according to the private-sector ACORN classification of neighbourhoods, compared to 23% of private renters and 8% of owners.<sup>373</sup> Neighbourhood type also differs to some extent between local authority and housing association tenants, reflecting the different geography of development of the two tenures. Fifty-eight per cent of local authority tenants were in ‘urban adversity’ areas, compared to 44% of housing association tenants.<sup>374</sup>

<sup>373</sup> ‘Urban adversity’ areas have the following characteristics: *“the most deprived areas of large and small towns and cities across the UK. Household incomes are low, nearly always below the national average. The level of people having difficulties with debt or having been refused credit approaches double the national average. The numbers claiming Jobseeker’s Allowance and other benefits is well above the national average. Levels of qualifications are low and those in work are likely to be employed in semi-skilled or unskilled occupations”*. (ACORN undated)

<sup>374</sup> DCLG 2017a



## Estates

Most social housing is not in large estates. Most is not even in areas dominated by social housing. Most areas formerly dominated by social housing are now majority private tenure. Analysis of the English House Condition Survey for 2003 shows that areas defined as 'local authority-built' by surveyors, which would originally have been known as 'council estates', had become mixed tenure, after 23 years of the Right to Buy. At this point, on average, only 48% of homes in local authority-built areas were social rented homes, with 34% of homes owner occupied and 19% private rented<sup>375</sup>. The local authority-built areas with the lowest proportions of social renting in 2003 were in those areas mainly made up of houses, reflecting higher take-up of the Right to Buy by residents of houses compared to residents of flats<sup>376</sup>. The tenure mix in these areas is likely to have become more private since 2003.

Neighbourhood tenure is not only determined by the Right to Buy. In 2003, one third of all social rented homes were not in 'local authority built' areas, but were in other neighbourhoods, which had an average 80% home ownership (well above the national average for the time). These social rented homes had been built in smaller developments or bought from previous owners, by housing associations as well as local authorities.

## Crime

Alongside household income and household composition, housing tenure is one of the most important factors in predicting crime victimisation.<sup>377</sup> The British Crime Survey has shown that social renters experience higher rates of crime victimisation than owners, but slightly lower than private renters. For example, in 2009-10, 5%, 2% and 7% of social renters had been victims of vehicle theft, domestic burglary with entry, and violence, robbery or theft from the person respectively in the past year, compared to 4%, 1% and 5% of owners.

## Other features of neighbourhoods

More detailed recent data is lacking, but in 2005, local authority tenants were less likely than those in other tenures to agree that their local area was a place where people get on well together, even after controlling for numerous individual and area factors.<sup>378</sup> In the Millennium Cohort research on five year-olds in 2006, the majority of parents living in social housing did not feel that their neighbourhood was 'excellent' or 'good' for raising children, in sharp contrast to those in other tenures, and they were more likely to be concerned about crime and racist attacks.<sup>379</sup> Older siblings of these five year-olds in social housing were least likely to enjoy living in their areas, most likely to be

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<sup>375</sup> Authors' analysis of data in Hills 2007

<sup>376</sup> Authors' analysis of data in Hills 2007

<sup>377</sup> Grove *et al.* 2012

<sup>378</sup> Laurence and Heath 2008

<sup>379</sup> Tunstall *et al.* 2011

concerned about crime, and most likely to have been victims of crime and anti-social behaviour compared to children in other tenures. On the other hand, social housing neighbourhoods provided five year olds and their families with opportunities similar to those of other tenures, in terms of the access to a range of services, including parks and playgrounds, a place at their first choice of primary school, and local family and friends.<sup>380</sup>

## Improving neighbourhoods

Over the 2000s, conditions improved in most deprived areas. Evaluations of regeneration projects showed that gaps between deprived and less deprived areas and neighbourhoods reduced on many important social indicators, both in areas with special regeneration initiatives and also, to a lesser extent, in control (comparison) neighbourhoods which did not have them.<sup>381</sup> This meant that the fact that social housing is concentrated in more deprived areas is likely to have become less problematic for residents as living conditions have improved.

Reported crime and crime victimisation have fallen markedly since the early 1980s (when the British Crime Survey started). For example, vehicle theft fell by 75%, domestic burglary by 69% and personal crime by 53% 1995-6 and 2009/10.<sup>382</sup> Social housing tenants have benefitted from these trends. However, burglary and personal crime decreased slightly faster for owners than social renters, which slightly increasing the gap between the tenures.

A recent study of housing tenure and crime noted that in the social rented sector, in contrast to the private rented sector, had *“an extensive and established regulatory framework has provided the platform for several decades of management activity, design initiatives, mixed tenure policies and partnership work”*.<sup>383</sup> Initiatives taken by landlords, in regeneration projects and by other agents include target hardening (making things that are difficult to vandalise), tighter management, better control of allocations, housing improvements, mixed tenure developments, new powers on anti-social behaviour and multiagency working.

However, neighbourhood regeneration activities reduced over the course of the 2010s.<sup>384</sup> In addition, while local authorities with higher deprivation still receive more funding per head in absolute terms, the difference in overall funding per head between the most and least deprived fifth of local authorities reduced, from 45% extra in 2010/11 to 17% extra in 2014/15.<sup>385</sup> The monitoring of neighbourhood conditions has reduced, but research with residents of deprived neighbourhoods shows they perceive negative changes in services.<sup>386</sup>

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<sup>380</sup> Tunstall *et al.* 2011

<sup>381</sup> Batty *et al.* 2010, AMION 2010

<sup>382</sup> Grove *et al.* 2012

<sup>383</sup> Higgins and Jarman 2015:4

<sup>384</sup> Lawless 2010, Lupton 2012, Pill 2012, Matthews 2012, Hastings *et al.* 2017

<sup>385</sup> Hastings *et al.* 2015

<sup>386</sup> Hastings *et al.* 2015

## Housing management services

Since the mid-2000s, there has been a hiatus in published survey evidence on what services housing management provides, how it is structured and how well social landlords perform. The most recent national survey of housing management organisation and practices was carried out in 1993.<sup>387</sup> Over the 2000s, a large volume of management performance data was collected by regulators and while this auditing had costs for the organisations involved, it was used to identify good and poor practice, and contributed to academic research.

Selected data are still collected by individual organisations and member organisations including the Chartered Institute of Housing and member organisations for housing associations, local authorities and ALMOs, and private consultancies such as HouseMark. However, this is not widely available for independent assessment and analysis. Landlords are required to report selected data to tenants annually. However, we have been unable to find key basic data, such as national figures for rent arrears in social housing. This is an important gap in evidence. This hiatus also means that much of the existing good practice guidance was developed for a different context when there was a bigger role for local authorities, more use of face-to-face contact with residents, and less use of IT.

## Management roles and practices

The roles of housing management activities identified in 1993 included:

- Letting homes
- Collecting rents and managing any arrears
- Carrying out routine repairs in response to problems (or managing and monitoring contractors employed to do so)
- Carrying out cyclical maintenance such as repainting and servicing
- Liaising with those planning and carrying out special improvement programmes that involve capital funding
- Maintaining communal areas, open spaces and estate facilities
- Managing tenancies and any possible breaches of tenancy
- Liaising with tenants individually and through groups.<sup>388</sup>

These core roles still apply. However, there been considerable discussion and experimentation on the value of specialised staff and more generic staff covering a particular 'patch', whether staff should be centrally located or decentralised, how teams should be structured, and how much contact between tenants and staff should be face-to-face or by other means. There

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<sup>387</sup> Bines *et al.* 1993

<sup>388</sup> Bines *et al.* 1993

has also been discussion of staff skills, training and professionalisation, and different approaches to providing these functions in-house or under contract by other organisations. There has also been discussion of the appropriate boundaries between housing management and related areas such as community development, social work, policing, financial management, and housing improvement, and between social landlords and other agencies.

Housing management involves activities unambiguously contributing to resident services, but it also involves a role in 'policing' tenants' adherence to the tenancy agreement.<sup>389</sup> It also includes work on property, assets and financial management. Since the earliest days of professional housing management, commentators have said that these roles can be in conflict, that housing management does and perhaps should not act unambiguously in the interests of any individual current tenant or group of tenants, and that the balance and trends in housing management are not always right.

Much academic research in the 1990s and 2000s emphasised actual or potential costs of 'new public management', increasing scale and role of housing associations, and other reforms going on in housing management services. For example, some argued that the emphasis was increasingly on property management rather than on people<sup>390</sup>, and there was concern that some aspects of the quality of service, including wider community development and support roles, and inter-agency working on complex issues like anti-social behaviour, might be lost in a focus on management outcomes.<sup>391</sup>

Those who favoured local or intensive housing management as a solution to problems in unpopular estates were concerned that it might fall victim to new ideas about 'efficiency'. The potential for perverse incentives and 'gaming' the system were also identified. There was concern that managers were taking on a growing role in policing tenant behaviour or in acting as revenue officers. These concerns are still valid, and change has continued, with further growth in the size of housing associations and the use of new technologies. It appears that many social landlords have changed management structures and practices, in response to the mergers of organisations, the growing size and dispersal of stocks, and the availability of call centres, remote working, text messaging, social media, and 'big data'.<sup>392</sup>

However, there is also evidence of benefits for landlords and for tenants. This included improved management and services, demonstrated in key indicators, and improving regulatory reports.<sup>393</sup>

### **Management performance**

Today, social housing appears, on the available evidence, to be generally well managed. Traditional key indicators of housing management performance include the proportion of homes empty, the proportion of rent collected, and the proportion of residents satisfied.

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<sup>389</sup> For example, Flint 2006, Flint and Pawson 2009

<sup>390</sup> Walker 2000

<sup>391</sup> Jacobs and Manzi 2000

<sup>392</sup> Authors' personal information

<sup>393</sup> Tunstall and Coulter 2006, TSA 2009, Pawson *et al.* 2010

Longitudinal research found that a sample of estates appeared generally cleaner, in better condition and ‘better managed’ by the mid-2000s, and that residents had fewer complaints.<sup>394</sup>

In 2015, the English Housing Survey found that 4% of social rented homes were empty, compared to 10% of those in the private rented sector, and 3% in home ownership.<sup>395</sup>

Social landlords have predicted and experienced increases in rent arrears due to some of their tenants being affected by loss of or cuts to housing benefit or Universal Credit through welfare reform. Higher deprivation or poor administration may result in higher rent arrears regardless of the quality of housing management.<sup>396</sup> Welfare reform has added to arrears by reducing eligibility for housing benefit and amounts paid in some cases.<sup>397</sup> However, median current tenants’ arrears rates for housing associations with 1,000 or more homes (the majority of organisations with the majority of tenants) were below 3% in 2018. Income loss due to ‘void’ (empty) homes were about 1%. Both measures had reduced slightly since 2015<sup>398</sup>. After the introduction of rent caps (see above), housing associations have protected funding for new development but have cut major repairs and management budgets for existing housing, which may affect their existing tenants<sup>399</sup>.

Social housing management is undoubtedly more professionalised and may be better, or at least more consistent, than management in the private rented sector. A recent study of housing tenure and crime argued that in the interests of preventing and reducing crime, “*Social landlords should be encouraged to provide managing agent services for private landlords to reduce churn, improve tenant rights and develop ‘collective efficacy’... especially in our most deprived communities*”.<sup>400</sup>

## Social tenants’ views of management services

We found it difficult to obtain recent data on tenants’ views of management services for all social housing, particularly for local authorities. In 2007/08, 78% of local authority tenants were satisfied with their landlord.<sup>401</sup> In 2016, the median proportion of housing association tenants who were very or fairly satisfied with the services provided by their landlord was 87% (for larger housing associations). Scores varied by region from 91% in the North East to 78% in London, and were slightly higher for smaller organisations.<sup>402</sup> In comparison, in 2017, 65% of people in all tenures were satisfied with the service their local council provided (including all non-housing functions).<sup>403</sup>

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<sup>394</sup> Power and Tunstall 1995, Tunstall and Coulter 2006

<sup>395</sup> DCLG 2017a

<sup>396</sup> Pawson *et al.* 2010

<sup>397</sup> Power *et al.* 2014

<sup>398</sup> Regulator for Social Housing 2018

<sup>399</sup> Regulator for Social Housing 2018

<sup>400</sup> Higgins and Jarman 2015:6

<sup>401</sup> Audit Commission undated

<sup>402</sup> Homes and Communities Agency 2017a

<sup>403</sup> LGA 2017

## Repairs

There is some recent data on repairs services, a very important part of housing management. In 2015-16, 37% of social housing tenants said that the fact the landlord has responsibility for repairs is an advantage of social renting.<sup>404</sup>

However, paradoxically, repairs appears to be one of the less satisfactory aspects of social housing<sup>405</sup>, despite the fact that according to available measures, social renting offers better condition homes than other tenures. In a 2017 study of people on low incomes, there were “*mixed reports*” about how well landlords responded to requests for repairs and refurbishment.<sup>406</sup>

In 2015-16, 69% of social renters were satisfied with the repairs and maintenance carried out by their landlord, which was similar to, but lower than, the figure for private renters (72%).<sup>407</sup> Private tenants were more likely to be ‘very’ satisfied than social renters were, and less likely to be dissatisfied.<sup>408</sup>

Requesting a repair or needing maintenance on their housing is often the main point of contact between residents of social housing and their social landlord, and the repairs experience is likely to affect their assessment of their landlord and tenure overall. When comparing views of social and private tenants on repairs, it should be noted that there could be a difference in expectations; social renters are not at risk of a ‘no-fault’ eviction in response to repairs requests.

The Homes and Communities Agency found one breach of consumer standards by a housing association in 2016/17.<sup>409</sup> This was an extreme case, where fewer than 20% of ‘urgent emergency’ repairs reported to a landlord were completed on time. It is likely to be the tip of an iceberg, with more minor problems much more widespread. Some research by Shelter found that some social renters who reported poor or unsafe conditions in their home felt ‘ignored’.<sup>410</sup> Interestingly, in 2009, the Tenant Services Authority<sup>411</sup> found that 29% of tenants were willing to consider more responsibility for repairs.<sup>412</sup> We have been unable to find much recent research on what characteristics of services are associated with higher repairs performance and tenant satisfaction.

The 1993 social housing management research found that a good repairs service depended on a clear line of management control.<sup>413</sup> Where contractors are used, as in most social housing repairs and almost all improvement work,

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<sup>404</sup> Bramley 2010

<sup>405</sup> Wallace 2010

<sup>406</sup> Croucher *et al.* 2017:23

<sup>407</sup> DCLG 2017b

<sup>408</sup> DCLG Livetables Table FA5423 (S816) Last accessed January 2018

<sup>409</sup> HCA 2017a

<sup>410</sup> Shelter 2018

<sup>411</sup> The Tenant Services Authority was one of the predecessors of the Homes and Communities Agency, with responsibility for regulating social housing, with a focus on tenants’ interests. It operated 2008-2012.

<sup>412</sup> TSA 2009

<sup>413</sup> Bines *et al.* 1993

this takes the form of contract management. Maintaining clear lines of accountability and control is more difficult if there are subcontracting arrangements, and then more difficult again if these proliferate.

There is a distinction between day-to-day repairs and special, once-off improvement programmes that involve capital funding, which may be carried out by different organisations. Whether housing management staff and organisations may or may not have involvement in planning, managing and monitoring this work will vary. However, the same issues apply. In Kensington and Chelsea, one of the issues appears to be the lines of responsibility for capital improvements between local authority as housing owner and ALMO as housing manager. The Metropolitan Police have found that 383 firms had 'some involvement' in the refurbishment of Grenfell Tower.<sup>414</sup>

## **Management of anti-social behaviour**

Social landlords believe that concerns and queries about anti-social behaviour are second only to repairs. Data from the Place Survey, last carried out in 2008, showed a close connection with perception of levels of anti-social behaviour and people's satisfaction with their neighbourhoods, and their overall rating of their quality of life.<sup>415</sup> More recent data from the British Household Panel Survey suggests that neighbour noise was the housing feature most associated with lower life satisfaction. The change in satisfaction was equivalent to that which could be caused on average by a £1,100 increase in income.<sup>416</sup>

Academic research over the 1990s and 2000s records a big growth in landlord activity to prevent anti-social behaviour and to enforce tenancy agreement, making use of then-novel legal methods such as Anti-Social Behaviour Orders<sup>417</sup> (since replaced by a Community Protection Notice (CPN) or a Criminal Behaviour Order (CBO)). Landlords have also addressed anti-social behaviour through mediation and social support, and have more recently been given new legal powers to address anti-social behaviour. According to data collected by HouseMark on behalf of the Chartered Institute of Housing and National Housing Federation, anti-social behaviour case resolution increased from 47% in 2006/07 to more than 90% by 2014, with high levels of complainant satisfaction.<sup>418</sup>

## **The role of social housing in care and support**

Social housing provides homes for large numbers of children, older people, people with disabilities or long-term illness, people seeking work, and people on low incomes, and all these groups may need some support or specialist services.

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<sup>414</sup> Anon. 2018

<sup>415</sup> Duffy and Chan 2009

<sup>416</sup> Fujiwara 2012

<sup>417</sup> For example, Flint 2006, Manzi 2010

<sup>418</sup> Wickenden 2014

## The social role of housing management

Each social landlord has its own culture and character, and some landlords provide housing management with a greater emphasis on support to tenants, on interagency working or 'signposting' tenants to other services. Some activities blur the line between core housing management and additional services. By default, individual staff members may play a role in supporting people who have substantial special needs but have been allocated a home in general needs housing rather than with a specialist provider or in supported housing. A 2017 study of people on low incomes found, "*Some... valued the additional support offered to tenants from social landlords, although there were also instances of private landlords offering support for tenants at critical moments*".<sup>419</sup> A number of small studies of the impact of housing management on health and wellbeing are underway.

## Supporting independence

In England, there are three tiers of health and social care, and the lowest level, formerly called 'Supporting People', can be provided to those in general needs housing. It aims to provide the practical and emotional support to enable people to live independently, in general needs housing. Social housing plays two roles in providing support, alongside NHS and social services.

The first role is the provision of specialist housing, such as wheelchair accessible homes or housing that has onsite or visiting support. As technology has changed, social landlords have often expanded the lower level supports offered to tenants who might need social or health care, dispersed alarm systems covering all bungalows and ground floor flats (to make them more suitable for an older person who may need to summon help) or occasionally converting an entire tower block to housing for people aged over 50, are good examples. Social landlords may be more flexible about adaptations to their housing than is the case for private landlords<sup>420</sup> (an adapted flat may be expensive to convert back to general use), or mortgage lenders, where modifications might influence the value of a home.

It can be argued that social landlords are also supporting independence for people with care and support needs simply through the provision of good quality affordable housing, for people for whom owner occupation is not an option. A suitable, stable home can help enable continuity of care, supports effective treatment (treatment will generally be less effective in cold, damp, overcrowded, insecure and otherwise unsuitable housing), and can help maximise independence and by extension, quality of life.<sup>421</sup> During the course of the original reforms to health and social care in the 1980s, housing was referred to as the 'bricks and mortar of community care' because the importance of stable, suitable housing was seen as essential to enabling community based services to work.<sup>422</sup> A recent review of the role of the private rented sector in housing vulnerable and homeless people reported problems

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<sup>419</sup> Croucher 2017:30

<sup>420</sup> Williamson (undated)

<sup>421</sup> Buck and Gregory, 2018.

<sup>422</sup> Griffiths 1988



with access, affordability, and security of tenure, which arguably made private renting less suitable than social housing for these groups.<sup>423</sup>

However, there are often barriers to access to the social rented sector for people with care and support needs. There can be long waiting lists and processes around statutory homelessness and medical priority that, in the context of often limited supply, tend to prioritise only the highest needs.<sup>424</sup>

## **‘Housing plus’ and community investment**

Local authorities have always provided a range of statutory and other services. These can liaise with their housing departments or ALMOs to benefit tenants. Housing associations began providing additional services in the 1990s as their role in housing disadvantaged people expanded.<sup>425</sup> Seen as outside core housing management roles, these activities were then termed ‘housing plus’.<sup>426</sup> One of the aims of the 2007 Hills Review was to explore the extent to which social landlords should do other things in addition to meeting housing need, such as promoting social mobility, geographical mobility or mixed communities.<sup>427</sup> A decade later, the Homes and Communities Agency encouraged housing associations to “*contribute to the well-being of the areas in which their homes are situated*”<sup>428</sup>, although it did not require them to do so.

Additional services can include staffing, equipment, community centres, finance or liaison with other organisations. They can be used to enable crime prevention, youth work, community development, environmental activities, arts activities and informal education and training<sup>429</sup>, support to accessing further and higher education and job-seeking, and apprenticeships, work experience and intermediate labour market jobs. Many larger housing associations have established charitable subsidiaries, which concentrate on housing plus activities.

Housing associations and local authorities have also made use of their own purchasing power to save their tenants money with cheaper power, furniture and white goods. They have also used their role as employers to provide work and training opportunities for residents, and some have set up their own organisations to act as intermediate labour market bodies. In 2014, 39% of housing associations were providing some employment-related services of this kind, and a further 28% had plans to develop a service.<sup>430</sup>

There is relatively limited independent evaluation of these projects, but case studies (particularly of housing association schemes) report positive outputs. One programme created 200 work placements and helping 881 people into

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<sup>423</sup> Cromarty and Bellis 2017

<sup>424</sup> Hunter 2007, Bretherton *et al.* 2013

<sup>425</sup> McArthur 1995

<sup>426</sup> Scott 2001

<sup>427</sup> Hills 2007

<sup>428</sup> HCA 2017a p8

<sup>429</sup> Wilson *et al.* 2015

<sup>430</sup> National Housing Federation 2014

work in 2014.<sup>431</sup> Another service created 120 apprenticeships in 2014, with 70% of the people entering these apprenticeships entering work.<sup>432</sup> A housing association offers apprenticeships and vacancies in its housing management services to its own tenants and provides bursaries to access education, training and support to social housing residents wanting to start their own business.<sup>433</sup> A number of projects have been shown a measurable social impact on individuals and communities.<sup>434</sup>

Analysis of the British Housing Panel Survey showed that housing plus activities could have had measurable effects on well-being. These varied between activities, but could amount to the equivalent of an increase in income from hundreds to thousands of pounds per year. The housing management and housing plus activities of housing associations have been recognised as making a contribution to the NHS and to social care.<sup>435</sup>

Social landlords may be important providers where there are gaps in provision by statutory agencies or other bodies. Due to budget reductions, local authorities have ended many non-statutory services.<sup>436</sup> Social landlords may also be particularly effective where services benefit from being locally based and tailored. Provision by social landlords may start from a different relationship with tenants, centred on encouraging participation, in contrast to services provided by agencies with the power of sanctions over financial and family life, such as the Department of Work and Pensions and local authority social services.

## The Right to Buy

The Right to Buy provides a route into home ownership for those who might not otherwise be able to afford it, and a cheaper route for those who can afford to do so. If Right to Buy sales are stripped out, ownership in England peaked at 63% of households, rather than at 69%.<sup>437</sup> Buyers are permitted to resell their homes on the open market (currently after two years), so the Right to Buy offers buyers the potential to make capital gains. However, purchase imposes the obligation on someone to make regular mortgage payments and run the risk of repossession, and to fund and arrange repairs.

In 2010, the Right to Buy was the second most common advantage of their tenure over private renting identified by social renters, and was mentioned by 18%.<sup>438</sup> In 2015-16, just under half of the 27% of social renters who expected to buy, or 13% of the total, were planning on using the Right to Buy (and the extended discounts).<sup>439</sup> There has been substantial research on various

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<sup>431</sup> <https://www.myclarionhousing.com>

<sup>432</sup> National Housing Federation 2014

<sup>433</sup> A2Dominion undated

<sup>434</sup> Wilkes and Mullins 2012, Slater *et al.* 2013, Fujiwara 2013

<sup>435</sup> Buck *et al.* 2016

<sup>436</sup> Hastings *et al.* 2012; Hastings *et al.* 2017

<sup>437</sup> Author's calculations from MHCLG Livetable 678

<sup>438</sup> Bramley 2010

<sup>439</sup> DCLG 2017a

aspects of the Right to Buy and impacts on government, landlords, buyers and non-buyers, which show there are gains and losses and winners and losers in each group.

## Opportunities for consultation, participation and complaint

Social landlords were often criticised by researchers for being remote from their tenants from the 1960s through to the 1990s, particularly as social housing stocks grew in size. Lack of participation was thought to have contributed to some estates becoming difficult to let.<sup>440</sup> Some argued that rationing-based systems such as social housing create a power imbalance between landlords and applicants<sup>441</sup>, and that individual residents or residents' groups needed policies and support to ensure that local authorities, seen by some as an arm of state power, would pay attention.

## Consultation and participation

Social housing residents can opt to participate through:

- Membership of landlord or ALMO boards or sub-committees;
- Membership of advisory and decision-making panels or customer services committees, including those covering the whole stock and population, and those covering local areas;
- Ad hoc groups and activities such as estate walkabout and inspection groups;
- Local residents' and tenants' associations, and
- Federations of tenants' organisations.

These forms of participation include proactive involvement by independent groups that are more onerous for residents. They fit into the traditional model of community development, collective bargaining and local politics.<sup>442</sup> In addition, any or all residents could also participate or be consulted through face-to-face and telephone interviews, text or mail contact with staff, complaints procedures, resident surveys or research panels or market research. These are similar to methods used to consult with consumers by private sector organisations. They are more reactive, individualised, and less demanding of residents, and have been termed 'consumerist' and 'bite sized'.<sup>443</sup>

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<sup>440</sup> Power 1987

<sup>441</sup> Hills 2007

<sup>442</sup> Bradley 2014

<sup>443</sup> Pawson *et al.* 2010

Social landlords have been encouraged to increase opportunities for tenant participation and consultation by a succession of governments. The result is that, *“as time has passed... participation... has become a mainstream top-down policy”*.<sup>444</sup> Some social landlords have provided support for tenants in this kind of role. This can include access to housing management staff, specialist participation enabling staff, provision of venues, training and money.<sup>445</sup> Central government has also provided support, most recently through Tenant Empowerment Grants.<sup>446</sup>

From the 1970s to the 2010s, social landlords came under increasing pressure, from guidance, regulation and inspection systems, and the requirements of central government regeneration schemes, to provide a greater range of opportunities for participation to their tenants (and, increasingly, their leaseholders).<sup>447</sup> Residents played a role in defining priorities and implementing management improvement initiatives and estate regeneration over this period.<sup>448</sup> Tenants were also given an opportunity to play a role in the restructuring of social housing ownership and management. They played a critical role in permitting stock transfers, after the principle of tenant ballots became established.<sup>449</sup> Tenants were given the Right to Transfer which allowed them to trigger transfer projects, and the Right to Manage, to develop TMOs<sup>450</sup> They could take places on the boards of all the new landlord and management organisations.

Data on the prevalence of resident consultation and involvement is rather patchy, and there is limited recent evidence. Past data showed signs of activity across all social housing, and growth over time. In 1993, 32% of councils had joint councillor-tenant advisory panels.<sup>451</sup> In 2001, there were about ten thousand tenants’ or tenants and residents’ associations nationwide.<sup>452</sup> By the early 2000s, tenants made up one-third of total membership of transfer housing association and ALMO boards<sup>453</sup> and nearly one fifth of boards of all housing associations and ALMOs.<sup>454</sup> Tenant representation has parallels with parents on school governing bodies and in the NHS, and is probably ahead of staff representation on company boards. By 2010, when the last major review was carried out, social landlord regulators felt that *“tenant participation... is normal practice in a way it was not ten years ago”*.<sup>455</sup>

A 2017 study of people on low incomes found that some private tenants were inhibited about asking for small repairs or complaining, *“as they did not want to be seen as troublesome tenants, or give cause for a rent increase”*, while

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<sup>444</sup> Malpass and Victory 2010

<sup>445</sup> Pawson *et al.* 2012, Bradley 2014

<sup>446</sup> CLG 2013

<sup>447</sup> Bradley 2014

<sup>448</sup> Cole *et al.* 1999, Hickman 2006, AMION 2010, Batty *et al.* 2010

<sup>449</sup> Hickman 2006

<sup>450</sup> DCLG 2013

<sup>451</sup> Bines *et al.* 1993

<sup>452</sup> Cole *et al.* 2000

<sup>453</sup> Cairncross and Pearl 2003

<sup>454</sup> Bradley 2008

<sup>455</sup> TSA/Audit Commission 2010

*“none of the participants in SRS [social rented sector] expressed any concerns about complaining”*.<sup>456</sup> However, even where opportunities for involvement are provided, social tenants do not always feel they work well or that their involvement has the right effects. In 2007/8, the last time such data were collected on a nationwide basis, 65% of tenants were satisfied with opportunities for participation, a lower proportion than were satisfied with their accommodation or neighbourhood.<sup>457</sup> Numerous reports record tenants feeling *“lip service”* was paid to resident participation, or that consultation did not result in major changes in policy or practice.<sup>458</sup>

## Resident consultation today

In the absence of current evidence, we cannot be sure tenant participation has been maintained at past levels. There are some reasons for thinking there may have been a decline. In 2011, there were about 200 TMOs, but there numbers appeared to be in decline as some have closed at the point of stock transfer, or due to dwindling membership, and few or none have formed in recent years.<sup>459</sup> Good practice guidance on tenant involvement, now mostly ten or twenty years old, emphasised the value of good communication with tenants for management efficiency, which should be of interest to all landlords at all times.<sup>460</sup> However, tenant participation has financial and non-financial costs to landlords too<sup>461</sup>, and in the 1990s and 2000s, incentives from government and regulator were important in raising expectations on landlords. Some of these incentives may have reduced.

Stock transfer and ALMO development, which required tenants' votes, are now effectively paused.<sup>462</sup> Large-scale estate and neighbourhood regeneration schemes, which also required resident involvement, have ended.

In addition, there have been a series of changes to the regulation of housing, including arrangements for resident involvement. After the Localism Act 2011, there was a wider shift away from third-party regulation in social housing, with the abolition of the Tenant Services Authority and the shift of its roles into the Homes and Communities Agency. This was intended to lead to a greater relative role for residents.<sup>463</sup> However, commentators have said that, *“there has been a dramatic shift away from both prescriptive requirements [on social landlords to enable tenant participation] and rigorous scrutiny of their implementation”*.<sup>464</sup> (In 2018 there was a second change to re-establish separation between regulatory and other roles, although in 2018 the new organisation, the Social Housing Regulator did not have a separate corporate

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<sup>456</sup> Croucher *et al.* 2017:23

<sup>457</sup> BVPI 75a downloaded from Audit Commission data at the National Archive <http://webarchive.nationalarchives.gov.uk/> Last accessed January 2018

<sup>458</sup> Hickman 2006

<sup>459</sup> Newton with Tunstall 2012

<sup>460</sup> Tunstall 2001

<sup>461</sup> Cole *et al.* 1999

<sup>462</sup> Heywood 2016

<sup>463</sup> DCLG 2010

<sup>464</sup> Pawson *et al.* 2010

identity and was still operating within Homes and Communities Agency policy).

The Homes and Communities Agency regulated landlords on the extent to which they provided tenants with “*the opportunity to be involved in the management of their homes and to hold their landlords to account*”.<sup>465</sup> As part of wider ‘consumer’ regulation of social housing, landlords must have a simple, accessible complaints process that resolves complaints ‘promptly, politely and fairly’ and treats tenants with equality, fairness and respect.<sup>466</sup> The standards go beyond good customer service to require genuine dialogue and a co-productive working relationship between tenants and social landlords, including involvement in policy and strategy and standard setting.<sup>467</sup> However, overall requirements, arguably, are less demanding, and are not as rigorously monitored and enforced as previously.<sup>468</sup> In 2010, the National Tenants’ Voice<sup>469</sup> was set-up in response to the Cave Review of social housing regulation<sup>470</sup>, but was closed a year later.

Some features of organisational change may make lines of accountability more complex. At national level, the recent regulatory organisational history is not easy to follow. Larger housing associations are no longer identified with a local area, and may have regional and groups structures. They have often changed their names to accommodate mergers. As noted, residents are not always able to keep up with organisational change.

Most social housing is now run through housing association and ALMO boards, most of whose members are not directly elected, and so do not hold regular surgeries, which may make them less accessible than local authority councillors. Although some board members are residents, they are required to serve the interests of the organisation rather than acting as representatives. Numerous commentators have identified a potential tension between the shift towards a more business-orientated model of social housing management and a clear emphasis on tenant consultation, participation and, ultimately, empowerment.<sup>471</sup> A recent report for the National Housing Federation, the representative body for housing associations, said, “*accountability has never been more important in the housing sector*”.<sup>472</sup> However, the report itself focused on financial risk management and development of new housing and referred to management of existing social homes as ‘asset management’.<sup>473</sup>

## Making a complaint

Under the current regulatory system, social housing tenants with complaints or concerns should go through a series of steps (Box 2).

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<sup>465</sup> HCA 2017a:8

<sup>466</sup> HCA 2017c

<sup>467</sup> HCA 2017b

<sup>468</sup> Pawson *et al.* 2012

<sup>469</sup> CLG 2009

<sup>470</sup> Cave 2007

<sup>471</sup> Cairncross *et al.* 2002, 2003; Hickman 2006; Bradley 2012

<sup>472</sup> Henderson in Wickenden 2017:3

<sup>473</sup> Henderson in Wickenden 2017:3

## Box 2: Complaints procedure for social housing residents

1. Tenants with individual (rather than systemic) problems should take the issue up within their landlord
2. If things are not resolved, they should then move on to 'designated persons', including councillors, tenants' panels set up by the landlord, or an MP, or, if they prefer, they can go direct to the Housing Ombudsman
3. If things are still not resolved, these 'designated persons' can refer cases to the Housing Ombudsman.
4. The ombudsman helps resolve 'local' issues tenants have raised with their landlords, where they have been unable to resolve the problem together.

The Homes and Communities Agency will deal with 'systemic' problems, identified partly through multiple complaints from the same organisations (since 2018, the Social Housing Regulator has taken on this role).

Source: Adapted from Homes and Communities Agency 2017

The HCA said, "*Registered providers are responsible for ensuring that tenants know how to complain, and for responding to complaints effectively*".<sup>474</sup> There does not appear to be data available to assess the effectiveness of the complaints system. However, in 2016, the HCA prepared a memorandum of understanding with the Housing Ombudsman, to set out their respective roles more clearly; apparently they had not been clear to date, for tenants and perhaps for the organisations themselves.<sup>475</sup> In 2016/17, more than half of initial complaints arriving at the HCA were not within its remit and could not be dealt with.<sup>476</sup> In early 2018, MHCLH carried out consultation on proposals for improvements to mechanisms for consumer redress for residents in all housing tenures, partly in response to the fire at Grenfell Tower. Proposals included the development of a single Housing Ombudsman covering all tenures<sup>477</sup>.

## Regulation of social landlords

Regulation potentially offers tenants the assistance of good day-to-day services, and the management of risks, such as their landlord losing money (other than through policy decisions). Regulation can complement resident involvement and support it, by requiring landlords to provide opportunities to raise concerns and complaints and have them acted on. It should be noted

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<sup>474</sup> HCA 2017a:4

<sup>475</sup> HCA 2017a

<sup>476</sup> HCA 2017c

<sup>477</sup> MHCLG 2018c

that regulation has financial costs, which ultimately falls partly on tenants, and could potentially restrict innovation or flexibility.

Social housing has been much more heavily regulated than other tenures, in exchange for public subsidy, and due to its social/public policy roles. Partly due to the degree of regulation, particularly over rent levels, the Office for National Statistics recently re-designated housing associations from 'private' to 'public' bodies for the purposes of national accounts. Because of the knock on consequences of including housing association debt in the public accounts, the government deregulated somewhat, and housing associations have been re-designated as private. Ironically, 'political risks' due the impact of policy decisions (on subsidy, benefits or rents, for example), has never been within regulators' remit.

Private landlords are under limited obligations to meet safety and consumer standards, with reactive enforcement by local authorities and others, and they are under no scrutiny of financial stability. Further regulation of private renting in England is a matter of current policy debate. Within home ownership, much of the responsibility for standards and management of risks lies with the owner themselves, or with the mortgage provider. Local authorities and other agencies only step in in extreme cases of self-neglect by owner-occupiers or if an owner occupied home becomes a risk to its neighbours.

## Regulation today

Social housing has undergone major deregulation in recent years, particularly of issues that most immediately affect tenants. Arguably, this brings the position of social renters closer to that of private renters.

The current regulatory regime for social housing was established in 2010. The Housing and Planning 2016 included additional deregulation, which came into force in 2017. This removed the requirement to seek regulatory approval for restructuring and sale of social rented homes.

The Social Housing Regulator (formerly the Homes and Communities Agency) regulates housing associations against business standards and housing associations and local authorities against consumer standards. Business standards cover risks from existing stock, new development, treasury management, and the context. They are regularly and proactively monitored through quarterly surveys, annual checks of financial stability and periodic in-depth assessments of individual organisations.<sup>478</sup>

Housing association group members that are not registered housing associations are not regulated by the Social Housing Regulator (although they may be regulated as businesses or as charities). Both local authorities and housing associations must abide by equalities and other legislation. Charitable housing organisations are also regulated by the Charity Commission.

Consumer regulation covers statutory requirements, including fire safety, governance systems, housing quality, repairs, neighbourhood quality,

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<sup>478</sup> HCA 2017c



tenancies, and tenant involvement and empowerment.<sup>479</sup> Homes England has not yet produced policy in every area and is currently using former Homes and Communities Agency policy. Since 2012, Homes England and its predecessor have not carried out any proactive monitoring of social landlord performance, and there are no inspections or any monitoring.

Homes England (and its predecessor) work only in reaction to complaints or information sent to them: *“we do not routinely monitor or seek assurance of compliance with the consumer standards in the absence of complaints or referrals... our role on consumer standards is reactive rather than proactive”*.<sup>480</sup> Individual organisations are required to report annually to residents on locally-agreed measures. However, there is very little published data available on performance across housing associations after 2011 to enable independent comparative analysis.<sup>481</sup>

The main data on performance from Homes England (and its predecessor) is the number and type of regulatory notices, which they issue in the cases of serious breaches. The HCA noted, *“the threshold set in legislation for regulatory intervention for a breach of the consumer standards is intended to be significantly higher than that of the economic standards”*.<sup>482</sup> A serious breach must cause ‘serious detriment’ to tenants, which the HCA interpreted as *“risk of, or actual, serious harm to tenants”*, a high standard which would include, for example, fire safety, but might exclude many other issues.<sup>483</sup> In 2016/17 HCA issued seven regulatory notices which were mostly for breaches of legal gas safety requirements. These represented just over 1% of potential cases sent to the HCA that year, and enforcement action is rarer still.

## Are arrangements for consultation and regulation satisfactory?

Some researchers argued well before the Grenfell Tower tragedy that some social landlords may be experiencing a ‘crisis of legitimisation’, with the public, with the government, and with their tenants.<sup>484</sup> We have not been able to find direct evidence to allow us to be confident that this is not the case.

At Grenfell Tower itself, a tenants’ group, the Grenfell Action Group, had complained to various bodies about problems including fire hazards, and eventually blogged with tragic prescience that only a disaster would get a response.<sup>485</sup> The interim report of the Hackitt review into fire safety after the Grenfell Tower disaster found *“wide variation in practice by landlords from the*

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<sup>479</sup> HCA 2017a

<sup>480</sup> HCA 2017a:5

<sup>481</sup> HCA 2017a:5

<sup>482</sup> HCA 2017a:11

<sup>483</sup> HCA 2017a:9

<sup>484</sup> Manville *et al.* 2016

<sup>485</sup> Grenfell Action Group undated

*very good to non-existent*” in enabling residents to raise concerns about fire safety or other matters, and responding to them.<sup>486</sup>

## Social status and attitudes of others

Fifty years ago, council tenants had a ‘middling’ income and class position<sup>487</sup>, and council tenancy was rated as higher status than some sorts of private renting by the government statistical agency and by academic researchers.<sup>488</sup> Nonetheless, council tenants could suffer from the attitudes of others: *“amongst private house owner-occupier and tenants, prejudice against council estates can be found everywhere... there is too, a redoubtable fifth column on the estates themselves”*.<sup>489</sup> Prejudice against social housing and its residents has not gone away, and may have even grown over the period of residualisation and the development of problems in some estates (as discussed above).

Sajid Javid commented in 2017 *‘you’re... judged on where you live. On what kind of house you live in. Which side of the tracks you came from’*.<sup>490</sup> Numerous more recent studies have recorded that tenants feel their estate or being a social tenant in general carries a stigma.<sup>491</sup> In a small sample survey in 2017, almost a quarter (24%) of families with a dependent child in social housing said they felt ‘looked down on’ because of where they lived, suggesting that most did not feel this way. However only 8% of families who were private renters or homeowners felt ‘looked down on’ in this survey.<sup>492</sup>

As noted above, in a 2004 Ipsos MORI small sample survey, 61% of the respondents reported that they thought the ‘negative view of people in social housing’ was unfair<sup>493</sup>, but this implies that a large majority of the population had come across negative attitudes. Numerous qualitative studies of estates record resident concern about the attitudes of others.<sup>494</sup>

Many social rented tenants have a preference for ‘street properties’ over estates’, which are more easily identifiable as social housing, which may reflect fear of labelling. Good practice guidance on developing new mixed tenure areas recommends they should be designed and laid out to ensure the tenure of individual homes cannot be identified.<sup>495</sup>

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<sup>486</sup> Hackitt 2017:18

<sup>487</sup> Bentham 1986

<sup>488</sup> GRO 1964, Rex and Moore 1967

<sup>489</sup> Tucker 1966:11

<sup>490</sup> Javid 2017

<sup>491</sup> Watt 2008, Kearns *et al.* 2014

<sup>492</sup> Shelter 2018

<sup>493</sup> Ipsos MORI undated

<sup>494</sup> For example, Hastings 2004, Tunstall and Coulter 2006, Hancock and Mooney 2013, McKenzie 2015

<sup>495</sup> Bailey and Manzi 2008

## The effects of poor tenure and area reputation

Even where there is in reality no objective problem with social housing or an individual estate, residents say that their housing can have a poor reputation which can rub off on them, and have real effects. Many residents and researchers have asserted that poor reputation can affect their life chances though lower aspirations, worse job opportunities, worse access to financial services and worse services from private and public sector organisations.<sup>496</sup> Poor neighbourhood reputation is one of the mechanisms through which it is believed 'neighbourhood effects' may operate to limit life chances of people in deprived areas.<sup>497</sup> There is a lot of anecdotal evidence of these effects of prejudice.

One study has formally investigated the impact of poor neighbourhood reputations, including estate reputations, on the likelihood of applicants for low-skilled jobs receiving a positive response in England. It did not find significant results.<sup>498</sup> However, even if poor reputations do not affect life chances, many residents and researchers have asserted that poor reputation affects residents' well-being.

## The sources of lower status or poor reputation

Given that poor reputations can be established without a base in reality, and that reputations may have serious effects, even if just through residents' aspirations rather than others' actions, it is important to understand how they come about and how they can be addressed. The relative deprivation of many social housing neighbourhoods and residents (see below) and the now somewhat out of date stories of poor conditions or extreme behaviour in social housing may play a role in creating poor reputations.

Studies have traced the role that local and national media play in the reputation of individual areas.<sup>499</sup> Numerous recent fictional and 'reality' television programmes have depicted social housing and residents in a negative light. Many journalists and some academics and policy makers use terms such as 'problem estates' and 'sink estates' which reflect and reinforce stereotypes.<sup>500</sup> Statements from prominent figures that "*you're not any less of a person for [renting] and you should not be treated as such*" may backfire.<sup>501</sup>

Social rented tenants and others may also get a sense of the extent to which social housing is 'treasured' by government and, potentially, of the relative status of their tenure, through government policy. In theory, housing policies may be 'tenure neutral', or may favour one or more tenures.<sup>502</sup> Where the effects of housing policy are tenure neutral, people seeking homes will be 'financially indifferent' between tenures, and their tenure preferences and

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<sup>496</sup> For example, Tunstall and Coulter 2006

<sup>497</sup> Van Hamm *et al.* 2013

<sup>498</sup> Tunstall *et al.* 2013

<sup>499</sup> Tucker 1966, Kearns *et al.* 2013

<sup>500</sup> Cameron 2016

<sup>501</sup> May 2018

<sup>502</sup> Haffner 2003

choices will depend solely on other features of tenures and on their own characteristics.

However, most analysts argue that the overall effect of UK tax and subsidy is to favour owner occupation over renting, and private sector housing over affordable housing. Surveys show that people believe that owning a home is financially advantageous.<sup>503</sup> The UK Housing Review 2018 stated, “*government investment still heavily favours intervention in the private market, with support for affordable housing forming just 21 per cent of total investment over the period to 2020/21*”.<sup>504</sup> As noted, under the austerity programme, the ‘local government’ and ‘communities’ budgets for DCLG (the predecessor to MHCLG) experienced significant reductions.<sup>505</sup>

DCLG capital expenditure reduced 2009/10-2014/15 by 54%, the largest fall among departments with significant capital budgets.<sup>506</sup> However, from 2012, the Coalition government made a major exception to cuts in the housing budget for schemes to support access to home ownership, including ‘Help to Buy’ and related policies, and these schemes have become a lasting part of fiscal and housing policy.<sup>507</sup> Social housing has not been favoured in this way. In 2017, housing associations were funding new social housing primarily from non-government sources, and the HCA predicted that by 2019, fewer than half of the homes that housing associations built would be for sub-market rent of any type, whether affordable or social rent.<sup>508</sup>

## Raising status

Numerous estate improvement schemes have included elements aimed at changing estate reputations, such as new names, alterations to appearance, or local media campaigns. The Joseph Rowntree Foundation has provided awareness training for journalists and policymakers on the nature and impact of stereotypes of tenure and places. Activists, individual landlords and representative organisations have focused on positive images of social housing.<sup>509</sup> However, longitudinal evidence suggests that negative image of individual estates may lag behind improvements in real conditions by years or even decades.<sup>510</sup> This also appears to be the case for the whole social housing tenure and at national level. One potential initiative that has not been tried is for a campaign of positive images in and by central government, to demonstrate that social housing is (and should be) ‘treasured’ at the national level.

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<sup>503</sup> DCLG 2017c

<sup>504</sup> Stephens *et al.* 2018:61

<sup>505</sup> Tunstall 2016

<sup>506</sup> Tunstall 2016

<sup>507</sup> Tunstall 2016

<sup>508</sup> HCA 2017c

<sup>509</sup> For example, IpsosMORI undated, Boughton 2018

<sup>510</sup> Tunstall and Coulter 2006



# Chapter 10 The roles and contributions of social housing

## Summary

- *Most economists see an on-going role for social housing. Housing and labour markets fail to provide adequate housing for all people, or incomes sufficient to obtain it. Providing support solely through private tenancies and housing benefit (or the housing cost element of Universal Credit) is widely seen to offer a less advantageous mix of costs and benefits.*
- *Social housing plays a role in the welfare state alongside protection for homeless households and housing benefit (or the housing cost element of Universal Credit), in breaking the link between low income and bad housing conditions or homelessness*
- *As private renting has grown, it has taken on some of the role social renting has played in housing families and people on low incomes. In 2015-16, private renting provided homes for 25% of all families with dependent children, compared to 19% in social renting. Both rented tenures housed a third of lone all parents, and a third of people living in poverty.*
- *However, each of the two rented tenures still has some specialist roles. Social housing continues to play a much greater role in housing people of Black ethnicity, households with a disabled member, and one-person households. Private renting provided homes more than half of all people of Chinese ethnicity, and almost half of all younger householders.*
- *Social housing plays a larger part in English people's housing careers than the snapshot figure of 17% of households suggests. Fifty-five per cent of people born in Britain in 1946 aged in their 70s in 2018, spent at least some time in their childhood in social housing (and more may have spent time in the tenure as adults).*
- *Few people with incomes in the bottom 40% access home ownership. For people on long-term low income, social housing plays a role as a 'destination'.<sup>511</sup> In 2016-17, the average social housing tenant had been in residence for eleven years.<sup>512</sup>*
- *The periods in which England achieved the highest output of new housing were periods when local authorities were building on a large scale, and that they made an important contribution to these outputs. In 2015/16, housing associations contributed 29% of all new completions, despite providing just 10% of existing homes overall.*

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<sup>511</sup> Stephens *et al.* 2018

<sup>512</sup> MHCLG 2018a

## Introduction

Much of this review has focussed on social housing from a residents' point of view (although it has not drawn directly on consultation with residents). This chapter briefly considers key issues in the value of social housing from the point of view of society as a whole.

## The economists' view

The last major review of social housing commissioned by government was the Hills Review in 2007.<sup>513</sup> Ensuring a decent home for all at a price within their means has been a longstanding aim of housing policy under many governments. The review aimed to assess whether social housing was the most appropriate means to meet this end. It took a mainstream economists' view of the role and contribution that could be made by social housing, as one of the possible forms of government intervention in the housing market, alongside personal subsidies and other options, and of the possible distortions and inefficiencies it might cause. These ideas are also familiar from numerous other authors and are standard elements of economics textbooks that cover housing.

Overall, most economists see an on-going role for social housing. Housing and labour markets fail to provide adequate housing for all people, or incomes sufficient to obtain it. Providing support solely through private tenancies and housing benefit (or the housing cost element of Universal Credit) is widely seen to offer a less advantageous mix of costs and benefits.

Hills identified "*perennial trade-offs*" for social housing, which provided material for repeated debate on the appropriate role of the tenure. They included:

- Public (and more recently, housing association reserve) funding for new build for new residents *versus* investing in maintenance and improvement of existing housing for existing residents.
- Targeted allocations (and, potentially, homes for a smaller proportion of all households) *versus* social mix in the tenure (and potentially, homes for a larger proportion of households).
- Higher rents to reduce costs *versus* lower rents to create work incentives (and to improve residents' standard of living).
- Landlords focussing on social housing versus offering other types of housing and wider services.<sup>514</sup>

Hills' view was that social housing had an important role to play in meeting housing need and could do so better than private renting. It could provide higher quality housing than private landlords, better affordability, less harm to

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<sup>513</sup> Hills 2007:45

<sup>514</sup> Hills 2007:201

work incentives, and could help avoid other problems associated with poor people's housing in an entirely free market, such as discrimination, segregation and slums.

Similarly, for example, authors from the IFS have noted that intervention through social housing allowed government to influence rents, housing management, and new housing development.<sup>515</sup>

However, Hills noted, "*the strength of the arguments varies across the country, and may be a great deal stronger in high-cost areas*".<sup>516</sup> Social housing is currently concentrated in one high cost area, London, but otherwise more concentrated outside of the south and outside higher cost central, suburban and rural areas. Hills was arguing that social housing was most useful in areas of very high housing stress, with stronger cases for supporting it in areas like London and the South East.

Hills also noted that social housing had important disadvantages, mainly those associated with rationing. Rationing creates injustices, inefficiencies and incentives for manipulation at the thresholds. Hills said these problems can reduce mobility, especially where social housing allocation is organised by area, and lead to a power imbalance between rationers (social landlords) and applicants (potential tenants).<sup>517</sup>

Importantly, he argued that the disadvantages of social housing did not outweigh the advantages. He also argued that steps could be taken to minimise disadvantages, although in practice there was "*a long way to go*" on this.<sup>518</sup>

## The role of social housing in the welfare state

Social housing formed an important element of social policy from the 1920s onwards, alongside other early national welfare policies such as compulsory free primary and secondary education, pensions and national insurance. It was already in place as other key elements of the post-war welfare state such as the NHS were created. It grew rapidly as they were becoming established.

The welfare state has continued to evolve. The modern UK housing 'safety net' aimed in effect to protect people's material living conditions and ensure at least minimum housing quality in the event of sudden drops in income or persistent low income in relation to prevailing housing costs. The three main elements of the housing safety net were social housing, housing benefit, and protection for priority homeless households. The housing safety net of the 1980s, 1990s, and 2000s has been described as 'possibly the saving grace' of the UK's welfare state.<sup>519</sup>

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<sup>515</sup> Adam *et al.* 2015

<sup>516</sup> Hills 2007:1

<sup>517</sup> Hills 2007

<sup>518</sup> Hills 2007:2

<sup>519</sup> Bradshaw *et al.* 2008



## Reducing poverty

Social housing prevents or reduces poverty for some residents. If people on low incomes currently living in the social rented sector were to be housed in the private rented sector, the higher rents would push more into poverty, would make their poverty more severe, and would increase overall poverty rates (see above).

## Avoiding poor housing conditions

It has been argued that social housing means that, in the UK, low income does not inevitably translate into poor housing conditions.<sup>520</sup> In most countries, there is a link between having a lower income and being in poorer housing conditions, with serious implications for health and other issues. However, research in the 2000s found an '*exceptionally weak underlying relationship*'<sup>521</sup> in the UK between income and housing deprivation. Another study in the 2000s found that the UK had the smallest gap in satisfaction with homes between people in poverty and people on higher incomes.<sup>522</sup>

However, in the 2000s the first two elements of the three main housing 'safety net', social housing and housing benefit, have undergone important changes in England. In effect, this has increased and transferred to individuals more of the risk that drops in income or persistent low income lead to poor housing conditions, high housing costs or homelessness. Risk has also transferred to private and social landlords, who take borrow money to buy or develop housing and take risks on trends in housing demand, tenant income and needs, the global economy, and housing and benefits policy.

## Supporting other services such as the NHS and social services

The interrelationships between health and housing are complex, this is because many variables or factors can influence health and wellbeing, such as income levels, social status and access to emotional support and determining the specific influence of housing can be challenging.<sup>523</sup> However, it has been established that the lack of a suitable, settled, and affordable place to live can be detrimental to health.<sup>524</sup> Someone with respiratory problems should not live in cold or damp housing, as this may worsen or prolong their condition and increase the costs of treatment to the NHS. Equally, mental health problems may have mutually reinforcing relationships with living in overcrowded, unfit or insecure housing (lacking security of tenure or feeling physically unsafe).

By providing suitable, settled and affordable accommodation, social housing has the potential to enhance the effectiveness of health prevention, support

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<sup>520</sup> Tunstall *et al.* 2013:22

<sup>521</sup> Berthoud *et al.* 2004:92

<sup>522</sup> Lelkes and Zolyomi 2010

<sup>523</sup> Fujiwara 2013

<sup>524</sup> Nettleton and Burrows 1998; Marmot *et al.* 2010, Nichol *et al.* 2010, Public Health England 2017

and treatment.<sup>525</sup> Quantifying the financial benefits for the NHS and social services is difficult.<sup>526</sup> However, it is known that some homeless people make more use of emergency services, such as A&E departments rather than visiting a GP surgery, and homeless people may only present with support or treatment needs after they have become serious, both of which raise financial costs and may reduce efficacy.<sup>527</sup> Residential instability can interfere with continuity of care or support, increasing costs and reducing efficacy.

## **The role of social housing compared to the role of private renting**

One of the striking features of the contemporary housing system is the size of private renting. Since 2011, it has been a larger tenure than social housing. As the tenure has grown, it has taken on some of the role social renting has played in housing families and people on low incomes. Whether this is appropriate depends on an assessment of the relative advantages of the two tenures.

Private tenants have been described for decades as ‘diverse’, and this is still appropriate.<sup>528</sup> While there is substantial overlap between the residents of the two rented tenures, it is not complete and each of the two tenures in effect still has some specialist roles.

This section adds to the previous discussion of the characteristics of social renters, by focussing how social renters compare to private renters in England in 2015-16. For more detail, please see the tables in the Appendix.

## **The relative roles in housing different demographic groups**

In 2015-16, despite providing homes for just 17% of all households, social housing housed almost half of all householders of Black ethnicity (48%). It housed more than a third of all lone parents with dependent or independent children, and more than a third of all households with at least one registered disabled person. Social housing played a much greater role than private renting in housing people of Black ethnicity, and households with at least one member disabled. It played a much smaller role for households with young householders. Notably, social housing played a larger role on housing people living alone, traditionally seen as a core group for private renting.

In 2015-16, despite providing for just 20% of all households in total, private renting housed a large majority of households with a householder aged 16-24 (64%), a majority of all people of Chinese ethnicity (56%), and nearly half of all households with a householder aged 25-34 (46%). The two rented tenures

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<sup>525</sup> Buck and Gregory 2018

<sup>526</sup> Fujiwara 2013

<sup>527</sup> Pleace and Culhane 2016

<sup>528</sup> Rugg and Rhodes 2008

played similar significant roles in providing homes for lone parent families. Private renting housed more than a third of all lone parents with dependent children. Private renting also housed more than a third of 'other' types of households (often made up of a group of unrelated adults) and people of 'Other' ethnicity.

Private renting continued its traditional role as the pre-eminent tenure of households with young householders. Notably, presenting a change on the recent past, by 2015-16, private renting played a greater role in housing families with dependent children (25% of the total households with dependent children) than social renting (19% of the total).

## **The relative role in housing different income, employment and class groups**

Social housing plays a very important role in housing the poorest 20%/fifth of people in England. It provides homes for 39% of all people in this group. The tenure provided homes for only a very small fraction of people in the highest two fifth of income, 7% and 2% respectively. In 2015-16, social housing housed more than a third of all people in poverty, and of children in poverty and people of working age in poverty.

This particular concentration of people with incomes in the bottom 20%, largely overlapping with people on poverty incomes, largely explains the fact that social renting tenants accounts for 68% of all claims for housing benefit (or the housing element of Universal Credit), while private tenants account for 31% of claims. It also fits with a historic public perception of social housing and with the ideas of social housing as a 'residualised' tenure.

In contrast, private renting has a fairly equal spread of tenants from all parts of the income distribution, with a slight underrepresentation of the lowest and highest income fifth. However, private rented housing is playing an increasing role in housing people on lower incomes amongst its fairly mixed population.

Just like social housing, private renting houses more than a third of people in poverty, children in poverty and people of working age who are in poverty. As discussed above, private rents are usually higher than social rents. This means the growth of the private rented sector has been called "*a major driver of poverty*". This trend has been seen across other OECD countries, which have like the UK, often been reducing investment in social housing.<sup>529</sup>

For most of the 2000s and 2010s, because of the size and diversity of home ownership, it was true that owners made up 'more than half the poor'.<sup>530</sup> However, in 2015-16, owner-occupiers made up just 48% of people who were poor BHC (before housing costs), and 32% poor AHC (after housing costs), at the 60% threshold (poverty measured as under 60% of median income), a consequence of the decline in the size of the owner occupied tenure since 2002. Together the two rented tenures housed a majority of all people on poverty incomes (whether measured before housing costs or after housing

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<sup>529</sup> Salvi del Pero *et al.* 2017

<sup>530</sup> Burrows and Wilcox 2000

costs), poor children, and poor people of working age. In contrast, the majority of people aged 65 or over who were poor (after housing costs were taken into account) were living in home ownership.

## **The role of social housing in housing careers**

Social housing plays a larger part in English people's housing careers than might be expected from the fact that it currently provides homes for 17% of households in England at any one time. Because there is movement between tenures, and because the tenure was larger in the past, many more than 17% of the population have made use of social housing at some point in their housing careers, and more will do so in future.

More than half of people born in Britain in 1946 (and in 2018 aged about 72), (55% of the total) spent at least some time in their childhood living in social housing (more may have spent time in the tenure as adults). For those born in 1958 (and in 2018 aged about 60) the figure is 48%, and for those born in 1970 (and in 2018 aged about 48) the figure is 38%.<sup>531</sup>

The social housing population is not a fixed group, and each year, households move into and out of social housing. In 2016-17, 33% of households that left owner occupation went into social renting, as did 32% of households that left private renting<sup>2</sup>. However, at the same time, a substantial proportion of households in social housing have been resident for a medium or long period, and a substantial proportion expect to stay in the tenure in the medium to long-term.

There is a connection between people's housing tenure when living with their parents and their housing tenure as young adults.<sup>532</sup> The link between parents' tenure and children's later independent housing tenure is not entirely explained by parents' income, and appears to have become stronger over time.<sup>533</sup>

## **The role of social housing in providing secure long-term homes for people on low and insecure incomes**

The above measures all consider the current demand for social housing. It is also useful to think about the likely on-going demand. Some recent policy commentary and development has suggested that social housing either is or should be seen as a short-term support for people in periods of life crisis. Recent academic articles and commentary have described social housing as

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<sup>531</sup> Lupton *et al.* 2009

<sup>532</sup> Lupton *et al.* 2009

<sup>533</sup> Coulter 2016

an ‘ambulance service’ or as a ‘way station’.<sup>534</sup> These ideas are partly behind the introduction of fixed-term tenancies.<sup>535</sup>

However, in practice social housing combines several roles, which it plays simultaneously for different people. Along with placements in the private rented sector, social housing does provide homes for households who have been in housing crisis and have been deemed to be ‘homeless’. In these cases, it does fit the ‘ambulance’ metaphor (although only after other parts of the housing system have driven by on the other side). However, homeless households now make up only 17% of new arrivals in social renting<sup>536</sup>, in part a result of sustained efforts to increase prevention since the mid-2000s.

Social housing also plays a second role for some residents, as a ‘way station’. As noted above, in 2016-17, when households left social rented homes, 27% went into home ownership.<sup>537</sup> However, access to home ownership has become more difficult in recent years for many social groups. It is well known that the proportion of households in England in home ownership started to decline from its peak at 69% of all households fully fourteen years ago in 2004, before falling to 63% in 2016-17, a level last seen in three decades earlier in 1986.<sup>538</sup> This decline has largely been due rising prices and difficulties getting deposits, leading to a reduction in entry to home ownership by younger people, people in working-class jobs, people from ethnic minorities and other disadvantaged groups.<sup>539</sup> Rates of home ownership amongst older people continued to rise.

This is one of the main elements of a perceived ‘generation gap’, which has emerged as a key social and policy issue.<sup>540</sup> However, if sales subsidised by a discount under the Right to Buy are stripped out, ownership in England peaked lower and earlier, in 2001 at 63%.<sup>541</sup> If only homes being bought with a mortgage are considered, again, ownership peaked much earlier and much lower in 1995 at 43% of households.<sup>542</sup> Thus in 2018, the proportion of households buying a market-price home using a mortgage has been falling for the past 23 years. The proportion of households confident of being able to pay a mortgage for a market-priced home consistently for the next 25 or 30 years has reduced.

For many residents, social housing provides long-term housing. For these people, social housing plays the third role, as a ‘destination’.<sup>543</sup> In 2016-17, the average social housing tenant had been in residence for eleven years<sup>544</sup>, closer to the mean for owner-occupiers of eighteen years than that for private renters of four years.

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<sup>534</sup> Fitzpatrick and Pawson 2014, Stephens *et al.* 2018

<sup>535</sup> Parkin and Wilson 2016a

<sup>536</sup> DCLG 2017b

<sup>537</sup> Authors’ calculations from DCLG 2017a

<sup>538</sup> Wilcox *et al.* 2017

<sup>539</sup> DCLG 2017a

<sup>540</sup> House of Commons Work and Pensions Committee 2017

<sup>541</sup> Author’s calculations from MHCLG Livetables 678, last accessed January 2018

<sup>542</sup> Author’s calculation from MHCLG Livetables 678, last accessed January 2018

<sup>543</sup> Stephens *et al.* 2018

<sup>544</sup> MHCLG 2018a

Many tenants are on low incomes (Figure 17), but as noted above, many have characteristics (such as low occupational class, caring duties and disabilities) that imply low incomes not just during a temporary crisis period, but over the medium and long-term. A 2017 study of people on low incomes found that *“many... lived in various states of precariousness, juggling limited incomes... [For some] of the mid-life and older participants, and those with chronic health problems or disabilities, or on-going caring responsibilities, it seems likely that their situation will remain much the same over time”*.<sup>545</sup>

Most housing careers have an early phase with several moves, followed by one or more long periods of stability. Where should people live once they want to ‘settle down’? A substantial proportion of the population is unlikely to be able to settle down in home ownership, because they cannot get into home ownership either now or in the medium-term, or can only do so at substantial risk of repossession due to unreliable income. Currently, very few people entering home ownership have household incomes in the bottom 40%.<sup>546</sup> There is a large group of households who need some other kind of housing, not just for the short-term but over a longer period and, for some, for their whole housing careers and lifetimes.

In 2017, the Housing White Paper focussed on affordability for would-be buyers and tenants as the key housing problem. The White Paper and the subsequent winning election manifesto argued that the problem was *“very simple”*: undersupply relative to demand led, via a very simple economic model, to higher prices.<sup>547</sup> Increasing the supply of new housing was the key solution. However, even if current ambitious targets are reached, this argument has been challenged. Commentators pointed out that new housing is only a small fraction of the total market, and that prices were linked to incomes, borrowing terms and alternative investments: *“more supply.. is unlikely to bring house prices down except in the very long term and with sustained high output of new homes relative to household growth”*.<sup>548</sup> Even if building reached 300,000 homes per year, it has been calculated that this would only mean a 5% drop in prices.<sup>549</sup> Affordability worsened over the 1990s and 2000s not only due to the undersupply of new homes, but also due to the oversupply of investment money with low interest rates and few alternative investments, exemplified by the growth of the ‘buy to let’ sector. The undersupply of income was also an issue, with a long period of low wage growth setting in after 2008.

## The role of social housing in providing new homes

We have not been able to explore new housing in any detail. However, it is increasingly widely recognised that the periods in which England achieved the highest output of new housing were periods when local authorities were

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<sup>545</sup> Croucher *et al.* 2017:28

<sup>546</sup> MHCLG 2018a

<sup>547</sup> DCLG 2017:9

<sup>548</sup> Wilcox *et al.* 2017b:8

<sup>549</sup> Wilcox *et al.* 2017b

building on a large scale, and that they made an important contribution to these outputs. High rates of social housing development relied on subsidy, good access for local authorities to affordable land, and private building companies in many cases, and could be frustrated by shortages of labour or materials.<sup>550</sup>

It is less widely recognised that social housing has played a disproportionate role in the development of new housing more recently.<sup>551</sup> In 2015/16, housing associations contributed 29% of all completions<sup>552</sup>, despite providing just 10% of housing stock overall. In 2016, Barratt Homes, which had a total revenue of £4.2bn, completed 17,000 homes, and Bovis Homes with revenue of £1.1bn completed 4,000 homes. One large housing association with a turnover of just over £100m had delivered over 1,000 homes.<sup>553</sup>

Despite the cuts to income due to the rent cuts, housing associations have maintained new development, but are developing an increasing proportion of homes for market sale and a reduced proportion in forms of affordable housing, which adds risk to their operation (from potential slow or low prices sales). Special Purpose Vehicles and Joint Ventures used by housing associations to pursue for-profit activities do not always make profit and introduced risk. In addition, housing associations have cut major repairs and management budgets for existing housing, which may affect existing tenants<sup>554</sup>.

Local authorities in Scotland and Wales have shown they can increase their output significantly over a relatively short time period. In 2015/16, 7% of Scotland's new housing was built by local authorities, compared to 1% in England.<sup>555</sup> There was a similar active development programme in Wales. Local authorities and housing associations are experimenting with different structures, partnerships and processes to enable further development of social, affordable and market housing.

Spending on housing benefit (and the housing element of Universal Credit) constitutes a major element of total government expenditure on housing policy across the UK.<sup>556</sup> It has made up an increasing proportion of all expenditure on housing throughout the existence of the benefit, and a similar trend is seen in other countries. However, the trend accelerated during austerity. In 2009/10, UK housing benefit expenditure was 58% of the total government expenditure on housing, but by 2012/13, it had grown to 71%. Expenditure on development of new housing had fallen from 28% of the total to 17%.<sup>557</sup> In contrast to so-called 'bricks and mortar' subsidies, housing benefit (and Universal Credit) does not directly add to housing stock. It may, in effect, act

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<sup>550</sup> Malpass and Murie 1999

<sup>551</sup> Javid 2017

<sup>552</sup> Wickenden 2018

<sup>553</sup> Wickenden 2018

<sup>554</sup> Regulator for Social Housing 2018

<sup>555</sup> Stephens *et al.* 2018

<sup>556</sup> Hills 2007

<sup>557</sup> Tunstall 2016

as a subsidy for investors in the private rented sector, and may enable employers to pay lower wages.<sup>558</sup>

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<sup>558</sup> Hills 2007





# Chapter 11 Has social housing been ‘treasured’ and can it be treasured again?

## Summary

- *Most social housing is unremarkable.*
- *Social housing has many strengths. It is treasured by and aspired to by millions.*
- *Social housing has weaknesses. Small percentages of social renters experience serious problems.*
- *There are some areas of uncertainty, including housing management performance overall and whether regulation and opportunities for resident consultation and participation are working satisfactorily.*
- *One step which could be taken to make social housing more widely treasured is to bring public and policymakers’ perceptions and media representations more in line with the generally positive reality. A second is to sustain current strengths, including recent improvements in housing and neighbourhood quality.*
- *A third would be to monitor changes to housing benefit (or the housing element of Universal Credit) and to security of tenure.*
- *A fourth would be to address current problems, and areas of uncertainty.*
- *The fifth would be to ensure systems can identify, prevent and mitigate any further problems over time, including structural issues such as preparing for investment needs and risk management across the tenure, and local ones, such as the safe management of block cladding projects*
- *There are a number of issues which may deserve being raised in a Call for Evidence or further research. These are listed in detail.*

## Introduction

In September 2017, Sajid Javid said,

*“We need to return to the time, not so very long ago, when social housing was valued... treasured. Something we could all be proud of whether we lived in it or not”.<sup>559</sup>*

This section summarises the findings of this rapid review, and considers possible next steps to make social housing something we can all be proud of.

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<sup>559</sup> Javid 2017

## Most social housing is unremarkable

Most social housing is unremarkable.

The median social rented home in England is a house at least fifty years old. It meets the Decent Homes standard, and is in the highest energy efficiency categories of A-D. The landlord has made some improvements in recent years. The home is located in a suburban area, which is more deprived than average, but not very deprived. Its residents will not have experienced any serious crime in the past year.

The median social housing residents are satisfied with their home, with the repairs service provided by their landlord, and with their neighbourhood. They are satisfied with their tenure, and do not expect to buy. They have a tenancy with long-term security, and been living in their home for almost twelve years. They have very similar life satisfaction to those in other tenures, after taking account of resident and home characteristics.

The median social housing household has one or two residents. The typical householder is a White woman in middle age. She works or last worked in a routine or semi-routine occupation, and has an income in the bottom 40% compared to households nationwide. The household is claiming housing benefit (or the housing element of Universal Credit).

Six per cent of all households in England live in homes that were built by social landlords, but which have now transferred to private ownership through the Right to Buy, and are now lived in by owner occupiers or private tenants, and are generally in mixed tenure areas.

## Social housing has strengths

This review has found that social housing has many strengths, in absolute terms and relative to other tenures. These strengths are:

- Low rents and costs relative to other tenures (although relative levels vary between places)
- The fact housing benefit (or Universal Credit) can be used to help pay the rent (for people on low incomes, as for low income tenants in private renting)
- High quality of homes according to the Decent Homes standard and Housing Health and Safety Rating System
- Energy efficiency
- Long-term security for tenants who abide by their tenancy agreement (although landlords are introducing flexible fixed term tenancies for some new tenants).
- Relatively attractive city locations (two-thirds of social rented homes are located in suburbs)
- Relatively attractive built form (more than half of social rented homes are houses rather than flats)

- The Right to Buy, which provides moderate-income tenants with a route to home ownership
- The fact that social tenants are more likely to be satisfied with their homes and tenure than private tenants.

These strengths need to be considered in light of the fact that very few households with incomes in the bottom 40% are currently entering home ownership, and must rent at least for the present.

Most economists see an on-going role for social housing. Social housing plays a role in the welfare state alongside protection for homeless households and housing benefit (or Universal Credit), in breaking the link between low income and bad housing conditions or homelessness. It provides support to the work of the NHS and social care. Social housing has played an important role in the development of new housing in the past, continues to do so today, and could do so in future.

As private renting has grown, it has taken on some of the role social renting has played in housing families and people on low incomes. However, social housing continues to play a much greater role in housing people of Black ethnicity, households with a disabled member, and one-person households. In addition, many of the strengths of social housing are not shared by private renting.

## **Social housing is treasured by millions**

Returning to Sajid Javid's terms, available evidence shows that social housing is already 'treasured', or at least highly valued, by many millions of people in England who are either current tenants or who would like to be tenants.

In 2015-16, 82% of social housing tenants were very or fairly satisfied with their homes, and 83% were very or fairly satisfied with being social tenants. These percentages equate to 3.4 million households, and greater numbers of individual people. In 2017, there were 1.2 million households on local authority waiting lists for social housing, equivalent to 31% of the total number of homes and many years' worth of new lettings<sup>560</sup>, and a third of successful applicants for local authority homes had waited more than a year

Housing policy history suggests that there has never been a time when social housing has been treasured universally or valued unconditionally.<sup>561</sup> Social housing is an important, costly part of public policy, which can have a dramatic personal and local impact, and has constituted a large fraction of government and council activity. There have always been parts of the social housing stock and social housing policy which have been controversial or which have

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<sup>560</sup> MHCLG Livetable 600 Last accessed January 2018

<sup>561</sup> Muthesias and Glendenning 1994, Ravetz 2001, Boughton 2018

attracted criticism. Hills has noted 'perennial trade-offs' of this form of market intervention, which provide perennial sources for debate.<sup>562</sup>

In recent decades, social housing appears not have been treasured by all or most of the public, or necessarily by many policymakers (although we do not have the data to claim this with confidence).

## **Social housing has weaknesses**

This review has found that social housing has many weaknesses in absolute terms, and relative to other tenures. These weaknesses are that residents:

- May have to wait for a home, and may not get much choice of home or area (although this will depend on individual circumstances and area, and is due to the popularity of the tenure)
- They may not get much or any spare space (especially if they are claiming housing benefit or the housing element of Universal Credit)
- They are more likely to be in a flat than residents in other tenures
- They are more likely to have damp than residents in other tenures (although overall, social rented homes are most likely to meet the Decent Homes standard)
- On average, they pay a relatively large proportion of their incomes on housing costs, despite low rents (although they would usually pay more in other tenures), due to low incomes. Large proportions of social renters are in poverty (although this would be worse in private renting)
- They are the least likely of the tenures to be satisfied with their neighbourhood
- They are less likely than private tenants to be satisfied with their landlords' repairs services (although they are not at risk of 'no-fault' evictions)
- They may be concerned about potential anti-social behaviour in the wider neighbourhood or by immediate neighbours
- They can be affected by the poor reputation of social housing in general, and possibly of their own estate.

## **Small percentages of social renters experience serious problems**

This review has found that 13% of social renters were very dissatisfied with their homes. Fourteen per cent of social rented homes did not meet the Decent Homes standard. Six per cent of social rented homes had Category I (serious) health and safety hazards. Five per cent had damp. Four per cent of

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<sup>562</sup> Hills 2007

social renters were very dissatisfied with their neighbourhood. Six per cent of social renters were very dissatisfied with their tenure.

It is likely that further analysis of large-scale survey data and landlord-level data on management services would reveal some problems for particular groups or areas.

## **There are some areas of uncertainty**

We were not able to find evidence to enable us to make general comments on current housing management performance (although there is evidence that it improved markedly in the 1990s and 2000s).

We were not able to find evidence to give confidence that social housing regulation and opportunities for resident consultation and participation are working satisfactorily.

## **How to make social housing something we can all be proud of**

This evidence review was not intended to make policy recommendations. In addition, this review has not addressed housing finance, which is essential for understanding what initiatives might be feasible. It has not addressed new housing development, which is essential for understanding what might be done to reduce the weakness of delays and lack of choice in access to social housing. However, a few brief observations follow from the evidence.

An obvious first step to consider in order to make social housing more widely treasured would be to bring public and policymakers' perceptions and media representations more in line with the reality of social housing and resident experiences, which are broadly positive.

A potential second step would be to ensure that current strengths of social housing can be sustained. These strengths include recent improvements in housing and neighbourhood quality.

A potential third step would be to monitor recent policy changes that affect key characteristics of social housing, such as the ability of low-income residents to use housing benefit (or Universal Credit) to pay all or part of their rent, and the length of tenancies.

A potential fourth step would be to address the relatively small number of serious problems this review has described, and to explore areas of uncertainty.

Given the extent of demand, and the roles that social housing plays, initiatives should consider the needs of people who want social housing but cannot get it at present, as well as the needs of people who want home ownership but cannot get it.

A potential fifth step would be to ensure systems can identify, prevent, and mitigate any further problems over time. These include national issues such

as preparing for investment needs and risk management across the tenure, as well as local ones, such as the safe management of block cladding projects.

## **Issues for further exploration**

There are a number of important questions, which this brief review has provoked, but which have been difficult to answer using the information found to date. Some or all of these questions may merit exploration through a more extensive review and, potentially, through new data gathering or analysis.

## **Issues that might be suitable for being raised in a Call for Evidence as part of the development of a Green Paper**

The following issues might be suitable to be raised in a Call for Evidence as part of the development of a Green Paper, as well as to be explored in further research:

### Safety

- Is all social housing safe?
- In the light of the Grenfell Tower tragedy, is the way that social landlords and other agencies understand, monitor and mitigate risks to resident safety sufficiently effective, comprehensive and robust?
- Do all residents feel confident that they are safe?

### Perceptions of social housing

- Should and could public and policymaker views on social housing be updated?

### The role of social housing relative to other tenures

- Is there 'hidden demand' for social housing amongst people not eligible under current policies, and amongst those who are deterred by long waits or lack of information?
- Is 17% of households the right size for social housing tenure in England? Should the figure vary between places?

### What social housing offers its residents

- How much does what social housing offers vary between residents, (for example, between generations, genders and ethnic groups) and across England (for example between high and lower demand areas, and urban and rural areas)? Are there any groups who lose out or who are particularly well served?
- Is recently built social housing offering its residents sufficient space, quality, neighbourhood quality and social status?

- What is the current state of social housing neighbourhoods and their facilities?
- What is the right rent level for social rented homes, in terms of outcomes for residents (and potential residents)? How should rents vary between places, organisations and homes and over time?
- What are social renters' views of housing benefit and Universal Credit rules, the way the benefits are administered and changes to them? How do social renters perceive their housing security, compared to what is provided in other tenures, and are there differences between tenants? What effects will the shift from 'lifetime' to fixed-term tenancies have?

#### Housing policy and residents' and public interests

- What is the relative value for public money of housing benefit and the housing element of Universal Credit, compared to subsidies for new building of social housing?
- What have been the costs and benefits of the reorganisation of social housing, (with the creation and abolition and growth and shrinkage of different organisations), for residents?
- Has the shift in form of regulation been to the benefit or detriment of residents' interests?
- What is the financial and social value of housing organisations' non-housing, 'housing plus', activities for their residents and others?
- What are the characteristics of high and low performance social landlords? Is it possible to achieve growth while maintaining service quality and resident satisfaction?
- How much time and effort does it take residents to make use of complaints systems at landlord and ombudsman and Homes England level, what is the substance of the complaints that do not progress, and what happens to them?
- Should the Right to Buy be continued in its present form?
- What are residents' priorities for current and on-going investment in existing housing, and how can they be achieved?
- What are the key financial and other risks in the social housing system, from residents' point of view, and how should they be reduced or managed?
- Can England learn from the experiences of social housing in the nations of the UK, and in other countries?

#### The context in which social housing is operating

- Has the changing character of England's labour markets and household structure had implications for social housing?



- Will further change in England's labour markets and household structure have further implications?

### **Issues that may need to be explored through further research**

Some questions may need to be explored through further analysis of existing data or new data gathering include:

- What are the effects of lower rents (and/or higher or increased income after housing costs) for social renters compared to private renters (such as on material deprivation, health and nutrition)? What effects will the shift from 'social rent' to Affordable Rent have on resident outcomes?
- What are the effects of greater legal security and/or a greater sense of security on resident well-being, plans and actions (such as investment in children or in the area, seeking higher incomes and so on)? What effects will the shift from 'lifetime' to fixed-term term tenancies have on resident outcomes?
- What is the relative value for public money of personal subsidies and 'bricks and mortar', in terms of outcomes for residents?
- What have been the costs and benefits of the reorganisation of social housing, (with the creation and abolition and growth and shrinkage of different organisations), in residents' views and for resident outcomes?

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# Glossary

**Affordable housing** - The term 'affordable housing' has a range of technical and informal meanings, which can create confusion. Informally, affordable housing is housing that leaves residents with a reasonable disposable income after housing costs. In planning, 'affordable housing' includes social housing, affordable rented housing (which has rents of up to 80% of market rates), and intermediate rented housing (which has rents between market and social rent levels). The term is also often used to include forms of home ownership with prices or costs below market levels due to government or other subsidy, including shared ownership or 'part-buy, part-rent', 'low cost home ownership', some 'starter homes' and some 'key worker' accommodation. Social housing is the type of affordable housing with the lowest costs to residents.

**Affordable rent** - Since 2011, social landlords have been able to let their homes at 'affordable rents', which can be up to 80% of market rates, and are higher than traditional 'social' rents.

**Arm's Length Management Organisation (ALMO)** - From 2002, some local authorities set up arm's length organisations to manage their housing under a contract for a fixed time period, usually five years with potential for renewal. ALMOs do not take on ownership of the local authority's housing, but manage it under a contract for a fixed time period, usually five years with potential for renewal. Management services include improvements and redevelopment, although the local authority, as owner, retains some role. Well-performing ALMOs were eligible for additional funding under the Decent Homes programme.

**Department of Communities and Local Government (DCLG)** - The Department of Communities and Local Government was the government department with responsibility for housing from 2006-2018. It was the predecessor of MHCLG, which was established in 2018.

**Economic activity** - Economic activity, often given as a percentage, is the proportion of adults or people of working age who are in the labour market (either working or seeking work).

**Economic inactivity** - Economic inactivity, often given as a percentage, is the proportion of adults or people of working age who are not in the labour market (neither working nor seeking work). Adults who are economically inactive may be retired, sick or disabled, caring for children or others, or in education or training.

**Flexible tenancy** - The flexible tenancy is a type of social housing tenancy introduced in 2012, which lasts for a fixed term, usually of five years, rather than indefinitely, as in the case of secure tenancies. They are also known as

‘fixed term’ tenancies. They can be extended after the initial five years, but only on evidence of both good behaviour and continuing housing need.

General needs housing - General needs housing is housing intended for the needs of the bulk of the population, rather than for people with special physical or support needs due to age, youth, disability, illness or social problems.

Homes and Communities Agency (HCA) - The Homes and Communities Agency was the predecessor of Homes England, and was responsible for funding and regulating social housing in England from 2006 to 2018.

Homes England - Homes England is an organisation at arm’s length from central government. It was set up in 2018, when the Homes and Communities Agency was replaced, to take over part of its role, re-establishing a separation between regulation and funding of social and affordable housing. Homes England funds social and affordable housing in England, while the Social Housing Regulator is responsible for regulation.

Household - In statistics, a household is a group of people who live in the same home and share cooking facilities and a living room, sitting room or dining area. It can include one person or any number of people, who may be related by marriage, intimate relationship or blood, or not related. A home may contain more than one household and a household can have more than one home. A household is different to a ‘family’, which must include a couple (with or without children) and/or a lone parent and child.

Household Reference Person (HRP) - Household Reference Person is a statistical term. The HRP is the adult in the household who is working the most hours, or who is the oldest. It is similar to the idea of the ‘head of household’, but is intended to reflect the economic rather than the social role.

Housing association - Housing associations have been the main owner of England’s social housing stock since 2011. Housing associations are non-profit organisations. They have appointed leadership, and can operate over any geographical area. Housing associations have been described as private sector, public sector, voluntary and third sector organisations, as social businesses and social enterprises, or as ‘hybrids’. Many take charitable form.

Housing Ombudsman - The Housing Ombudsman investigates social housing residents’ complaints, where they raise ‘local’ rather than ‘systemic’ issues. Residents with a complaint can raise the issue directly with the ombudsman, or go through a designated person.

Local authority - Local authorities are local public bodies with an elected leadership and with a wide range of powers and duties, including in housing. Local authorities were the main builders of England’s social housing stock.

They were the main owners and managers up until 2011, when housing associations superseded them through the cumulative impact of stock transfers.

Ministry of Housing, Communities and Local Government (MHCLG) - The Ministry of Housing, Communities and Local Government is the UK central government department with responsibility for housing policy in England. It was created in January 2018. Its predecessor was the Department of Communities and Local Government.

Secure tenancy - Secure tenancies were introduced for local authority tenants in 1980, and in practice this has meant that tenants who do not breach their tenancy have lifetime security. A similar protection was extended to housing association tenants in 1988.

Social housing - Social housing is rented housing, provided at rents below market levels, by local authorities or housing associations, to people who can demonstrate they are in housing need. Social housing organisations receive subsidy from government (although it should be noted that private rented and owner occupied housing receives support too). They are subject to greater regulation of design standards, rent levels and financial stability than private landlords. Social housing is the main form of 'affordable' housing. There are other types of rented housing and homes for sale at costs below market levels for people who meet the eligibility criteria.

Social Housing Regulator - The Social Housing Regulator is an organisation at arm's length from central government set up in 2018 when the Homes and Communities Agency was replaced, to take over part of its role and to re-establish a separation between regulation and funding of social and affordable housing. It regulates social housing in England, and investigates social housing residents' complaints where they raise 'systemic' issues. At the time of writing, it did not have a separate corporate identity and was still operating within Homes and Communities Agency policy.

Special needs or supported housing - Special needs or supported housing is housing intended for people with special physical or support needs due to age, youth, disability, illness or social problems, rather than being intended for the bulk of the population.

Statutory homeless households - Statutory homeless households are households whose homelessness is recognised in law (statute) because they 1) do not have secure housing or are about to lose it (though no fault of their own), and 2) they are vulnerable. Local authorities have a duty to provide or otherwise secure housing for these households. In England, only families with children, pregnant women and other particularly single people with particular special needs count as vulnerable. Local authorities do not have to provide or

otherwise secure housing for single people and couples who do not have secure housing but are not particularly vulnerable, although they do have a general duty to prevent homelessness. Many people or households who are street homeless will not be statutorily homeless.

**Stock** - Stock is a term used in social housing to refer to the total collection of homes owned by a social landlord or in a certain area.

**Stock transfer** - Stock transfer is the process through which from 1988 onwards, many local authorities transferred (or in practice, sold) all or part of their council housing to new or existing housing associations, largely to take advantage of the greater freedom housing associations had to borrow money. Stock transfer is sometimes called 'Large Scale Voluntary Stock Transfer' or LSVT.

**Tenant Management Organisation (TMOs)** - Tenant Management Organisations are community organisations set up by social housing residents, with a tenant majority on their boards. They employ staff and control budgets devolved from their landlords to manage their own estates. TMOs are typically fairly small, covering one block or estate.

**Tenure** - Tenure describes the legal relationship between the owners and residents of a home, and their rights and responsibilities. For owner-occupiers, the owner of the home and the resident is the same person or people. In rented tenures, residents do not own the home and owners (or 'landlords') are not residents. The three main tenures in the UK are social renting, private renting and owner-occupation. Tenures can be sub-divided further. For example, a distinction is often made between how owners with a mortgage, and homeowners who own outright.

**Unemployment** - Unemployment is the proportion of people of working age who are in the labour market (actively looking for work) but not currently working, and is usually given as a percentage. The total number or percentage of people who are not working is higher than the number or percentage of people who are unemployed, as some people will be not currently working and not currently looking for work.



**Appendix   Tables of the relative role of  
social and private renting in  
housing different parts of the  
population**





**Table A1: The proportion of all members of particular demographic groups in social and private renting, England, 2015-16**

		Proportion of all people/ households in this group who live in social renting	Proportion of all people in this group who live in private renting	<i>Difference between social and private renting (stronger relative role for social housing)</i>	<i>Proportion of this group who live in rented housing</i>
Age of HRP	16-24	25%	64%	-39%	89%
	25-34	16%	46%	-30%	62%
	35-44	17%	26%	-9%	43%
	45-54	18%	15%	3%	33%
	55-64	16%	12%	4%	28%
	65-74	15%	6%	9%	21%
	75+	18%	5%	13%	23%
Gender of HRP	Women	24%	19%	5%	43%
	Male	13%	20%	-7%	33%
All households	All households	17%	20%	-3%	37%
Household type	One person	26%	19%	7%	45%
	Couple, no children	8%	16%	-8%	24%
	Couple, independent children only	10%	7%	3%	17%
	Couple, dependent children	13%	22%	-9%	35%
	Lone parent, independent children only	32%	13%	19%	45%
	Lone parent, dependent children	39%	36%	3%	75%
	Other	13%	43%	-30%	56%
	<i>Families with dependent children</i>	19%	25%	-6%	44%
Households with disabled members	At least one member registered disabled	39%	11%	28%	50%
	At least one member has long term illness or disability	27%	14%	13%	41%
Residents by ethnicity	White	16%	18%	-2%	34%
	Black	48%	23%	25%	71%
	Indian	10%	30%	-20%	40%
	Pakistani or Bangladeshi	15%	29%	-14%	44%
	Chinese	6%	56%	-50%	62%
	Other	25%	39%	-14%	64%

Sources: English Housing Survey 2015-16. 'HRP' is 'household reference person'

**Table A2: The relative role of social and private renting in housing people in different income, employment and class groups England, 2015-16**

		Proportion of all people in this group who live in social renting <sup>1</sup>	Proportion of all people in this group who live in private renting	<i>Difference (stronger relative role for social housing)</i>	<i>Proportion of all people in this group who live in rental housing</i>
Income	First quintile (lowest incomes)	39%	21%	+18%	60%
	Second quintile	23%	24%	-1%	47%
	Third quintile	15%	22%	-7%	37%
	Fourth quintile	7%	19%	-12%	26%
	Fifth quintile (highest incomes)	2%	14%	-12%	16%
Poverty <sup>2</sup>	People in poverty (AHC)	34%	34%	0	64%
	Children in poverty (AHC)	39%	36%	3%	75%
	People of working age in poverty (AHC)	33%	38%	-5%	71%
	People 65+ in poverty (AHC)	28%	11%	-17%	39%
Housing benefit (or housing element of universal credit) claim <sup>3</sup>		68%	31%	+37%	100%
Occupational class of HRP	Higher managerial and professional occupations	3%	17%	-14%	20%
	Lower managerial and professional occupations	8%	17%	-11%	25%
	Intermediate occupations and small employers and own account workers, lower supervisory and technical	16%	21%	-5%	37%
	Semi-routine and routine occupations	34%	20%	+14%	54%
Employment status of HRP <sup>1</sup>	Employed	11%	24%	-13%	35%
	Unemployed	51%	33%	+18%	84%
	Retired	18%	6%	+12%	24%
	Other economically inactive	43%	33%	+10%	77%

Sources: English Housing Survey 2015/2016. 'HRP' is 'household reference person'

Note: 1: Remaining members of the specified groups live in home ownership 2: Data for 2015-16 from DWP's Households Below Average Income series Table 3.6db <https://www.gov.uk/government/collections/family-resources-survey--2> Last accessed April 2018\_3: Data for 2016 from Wilcox *et al.* 2017

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<sup>1</sup> Hills 2007

<sup>2</sup> MHCLG 2018